CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE MAURICE RIEL, Q.C.
SPEAKER

1983-84
SECOND SESSION, THIRTY-SECOND PARLIAMENT
32-33 ELIZABETH II

Parliament was opened on December 7, 1983

and was dissolved on July 9, 1984

Queen's Printer for Canada, Ottawa

THE SPEAKER

THE HONOURABLE MAURICE RIEL, Q.C.

THE LEADER OF THE GOVERNMENT

THE HONOURABLE HORACE ANDREW OLSON, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE JACQUES FLYNN, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

CHARLES A. LUSSIER, LL.L.

CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

ACTING GENTLEMAN USHER OF THE BLACK ROD

CHARLES H. E. ASKWITH

LAW CLERK AND PARLIAMENTARY COUNSEL

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

THE MINISTRY

According to Precedence

January 16, 1984

The Right Honourable Pierre Elliott Trudeau	Prime Minister
The Honourable Allan Joseph MacEachen	Deputy Prime Minister and Secretary of State for External Affairs
The Honourable Jean-Luc Pepin	Minister for External Relations
The Honourable Jean Chrétien	Minister of Energy, Mines and Resources
The Honourable John Carr Munro	Minister of Indian Affairs and Northern Development
The Honourable Horace Andrew Olson	Leader of the Government in the Senate
The Honourable Herbert Eser Gray	President of the Treasury Board
The Honourable Eugene Francis Whelan	Minister of Agriculture
The Honourable André Ouellet	Minister of Labour
The Honourable Marc Lalonde	Minister of Finance
The Honourable Roméo LeBlanc	Minister of Public Works
The Honourable John Roberts	Minister of Employment and Immigration
The Honourable Monique Bégin	Minister of National Health and Welfare
The Honourable Jean-Jacques Blais	Minister of National Defence
The Honourable Francis Fox	Minister of Communications
The Honourable Pierre De Bané	Minister of Fisheries and Oceans
The Honourable Hazen Robert Argue	Minister of State (Canadian Wheat Board)
The Honourable Gerald Regan	Minister for International Trade
The Honourable Mark MacGuigan	Minister of Justice and Attorney General of Canada
The Honourable Robert Phillip Kaplan	Solicitor General of Canada
The Honourable William Rompkey	Minister of State (Mines)
The Honourable Pierre Bussières	Minister of National Revenue
The Honourable Charles Lapointe	Minister of Supply and Services
The Honourable Edward Lumley	Minister of Regional Industrial Expansion
The Honourable Yvon Pinard	President of the Queen's Privy Council for Canada
The Honourable Donald Johnston	Minister of State for Economic and Regional Development and Minister of State for Science and Technology
The Honourable Lloyd Axworthy	Minister of Transport
The Honourable Judy Erola	Minister of Consumer and Corporate Affairs
The Honourable Jacob Austin	Minister of State for Social Development
The Honourable Charles L. Caccia	Minister of the Environment
The Honourable Serge Joyal	Secretary of State of Canada
The Honourable W. Bennett Campbell	Minister of Veterans Affairs
The Honourable David Michael Collenette	Minister of State (Multiculturalism)
The Honourable Céline Hervieux-Payette	Minister of State (Youth)
The Honourable David Paul Smith	Minister of State (Small Businesses and Tourism)
The Honourable Roy MacLaren	Minister of State (Finance)
The Honourable Jacques Olivier	Minister of State (Fitness and Amateur Sport)

THE MINISTRY

According to Precedence

At Dissolution, July 9, 1984

The Right Honourable John Napier Turner	Prime Minister
The Honourable Allan Joseph MacEachen	Leader of the Government in the Senate
The Honourable Jean Chrétien	Deputy Prime Minister and Secretary of State for External Affairs
The Honourable Herbert Eser Gray	President of the Treasury Board
The Honourable André Ouellet	President of the Queen's Privy Council for Canada, Minister of Labour and Minister of State for Economic and Regional Development
The Honourable Marc Lalonde	Minister of Finance
The Honourable John Roberts	Minister of Employment and Immigration
The Honourable Monique Bégin	Minister of National Health and Welfare
The Honourable Jean-Jacques Blais	Minister of National Defence
The Honourable Francis Fox	Minister for International Trade
The Honourable Gerald Regan	Minister of Energy, Mines and Resources
The Honourable Robert Phillip Kaplan	Solicitor General of Canada
The Honourable William Rompkey	Minister of State (Transport)
The Honourable Charles Lapointe	Minister of Supply and Services and Minister of Public Works
The Honourable Edward Lumley	Minister of Regional Industrial Expansion, Minister of Communications and Minister of State for Science and Technology
The Honourable Donald Johnston	Minister of Justice and Attorney General of Canada
The Honourable Lloyd Axworthy	Minister of Transport
The Honourable Judy Erola	Minister of Consumer and Corporate Affairs and Minister of State for Social Development
The Honourable Charles L. Caccia	Minister of the Environment
The Honourable Serge Joyal	Secretary of State of Canada
The Honourable Bennett Campbell	Minister of Veterans Affairs
The Honourable David Michael Collenette	Minister of State (Multiculturalism)
The Honourable David Paul Smith	Minister of State (Small Businesses and Tourism)
The Honourable Roy MacLaren	Minister of National Revenue
The Honourable Herb Breau	Minister of Fisheries and Oceans
The Honourable Joseph Roger Rémi Bujold	Minister of State (Regional Development)
The Honourable Jean-C. Lapierre	Minister of State (Youth) and Minister of State (Fitness and Amateur Sport)
The Honourable Ralph Ferguson	Minister of Agriculture
The Honourable Douglas Cockburn Frith	Minister of Indian Affairs and Northern Development

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Dissolution, July 9, 1984

Senators	Designation	Post Office Address
THE HONOURABLE		
Donald Cameron	Banff	Banff, Alta.
David A. Croll	Toronto-Spadina	Toronto, Ont.
Fred A. McGrand	Sunbury	Fredericton Junction, N.B.
Florence Elsie Inman	Murray Harbour	Montague, P.E.I.
Hartland de Montarville Molson	Alma	Montreal, Que.
Joseph A. Sullivan	North York	Toronto, Ont.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Louis Philippe Beaubien	Bedford	Montreal, Que.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Paul Yuzyk	Fort Garry	Winnipeg, Man.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Eric Cook	Harbour Grace	St. John's, Nfld.
Daniel Aiken Lang	South York	Toronto, Ont.
William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora, Ont.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Toronto, Ont.
Jean-Paul Deschatelets, P.C.	Lauzon	Montreal, Que.
Hazen Robert Argue, P.C.	Regina	Kayville, Sask.
J. G. Léopold Langlois	Grandville	Quebec, Que.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Herbert O. Sparrow	Saskatchewan	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
William John Petten	Bonavista	St. John's, Nfld.
Louis de Gonzague Giguère	De la Durantaye	Montreal, Que.
Gildas L. Molgat	Ste. Rose	St. Vital, Man.
Paul C. Lafond	Gulf	Hull, Que.
Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Renaude Lapointe, P.C.	Mille Isles	Montreal, Que.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Frederick William Rowe	Lewisporte	St. John's, Nfld.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver, B.C.
John Morrow Godfrey	Rosedale	Toronto, Ont.
Maurice Riel, (Speaker)	Shawinegan	Westmount, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Daniel Riley	Saint John	Saint John West, N.B.
Augustus Irvine Barrow	Halifax-Dartmouth	Halifax, N.S.

Senators	Designation	Post Office Address
THE HONOURABLE		
Ernest George Cottreau	South Western Nova	Yarmouth, N.S.
Jack Austin, P.C.	Vancouver South	Vancouver, B.C.
Paul Lucier	Yukon	Whitehorse, Yukon.
David Gordon Steuart	Prince Albert-Duck Lake	Regina, Sask.
Pietro Rizzuto	Repentigny	Laval sur le Lac, Que.
Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
Horace Andrew Olson, P.C.	Alberta South	Iddesleigh, Alta.
Royce Frith	Lanark	Perth, Ont.
Peter Bosa	York-Caboto	Etobicoke, Ont.
Duff Roblin, P.C.	Red River	Winnipeg, Man.
Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface, Man.
Stanley Haidasz, P.C.	Toronto-Parkdale	Toronto, Ont.
Philip Derek Lewis	St. John's	St. John's, Nfld.
Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Margaret Jean Anderson	Northumberland-Miramichi	Newcastle, N.B.
Robert Muir	Cape Breton-The Sydneys	Sydney Mines, N.S.
L. Norbert Thériault	Baie du Vin	Baie Ste-Anne, N.B.
Dalia Wood	Montarville	Montreal, Que.
Fernand-E. Leblanc	Saurel	Montreal, Que.
Yvette Boucher Rousseau	De Salaberry	Hull, Que.
Reginald James Balfour	Regina	Regina, Sask.
Lowell Murray	Grenville-Carleton	Ottawa, Ont.
Richard Alphonsus Donahoe	Halifax	Halifax, N.S.
Martha P. Bielish	Lakeland	Warspite, Alta.
Guy Charbonneau	Kennebec	Montreal, Que.
Arthur Tremblay	The Laurentides	Quebec, Que.
C. William Doody	Harbour Main-Bell Island	St. John's, Nfld.
Heath Macquarrie	Hillsborough	Victoria, P.E.I.
Nathan Nurgitz	Winnipeg North	Winnipeg, Man.
Cyril B. Sherwood	Royal	Norton, N.B.
Peter Alan Stollery	Bloor and Yonge	Toronto, Ont.
Peter Michael Pitfield	Ottawa-Vanier	Ottawa, Ont.
Jean Le Moyne	Rigaud	Montreal, Que.
William McDonough Kelly	Port Severn	Mississauga, Ont.
Jacques Hébert	Wellington	Montreal, Que.
Ian Sinclair	Halton	Oakville, Ont.
Leo E. Kolber	Victoria	Westmount, Qué.
Philippe Deane Gigantès	De Lorimier	Montreal, Qué.
John B. Stewart	Antigonish-Guysborough	Bayfield, N.S.
Michael Kirby	South Shore	Halifax, N.S.
Jerahmiel S. Grafstein	Metro Toronto	Toronto, Ont.
Anne C. Cools	Toronto Centre	Toronto, Ont.
Charlie Watt	Inkerman	Kuujjuaq, Qué.
Lorna Marsden	Toronto-Taddle Creek	Toronto, Ont.
Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Daniel Phillip Hays	Calgary	Calgary, Alta.
Joyce Fairbairn	Lethbridge	Lethbridge, Alta.
Colin Kenny	Rideau	Ottawa, Ont.
Pierre De Bané, P.C.	De la Vallière	Montreal, Que.
Allan Joseph MacEachen, P.C.	Highlands-Canso	Whycocomagh, N.S.
Roméo LeBlanc, P.C.	Beauséjour	Grand-Digue, N.B.
Eymard Georges Corbin	Grand-Sault	Grand-Sault, N.B.
Thomas Henri Lefebvre	De Lanaudière	Davidson, Que.
Charles Robert Turner	London	London, Ont.

Note: For names of senators who resigned, retired, or died during the Second Session of the Thirty-second Parliament, See Index.

SENATORS OF CANADA

ALPHABETICAL LIST

At Dissolution, July 9, 1984

Senators	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Anderson, Margaret Jean	Northumberland-Miramichi	Newcastle, N.B.
Argue, Hazen, P.C.	Regina	Kayville, Sask.
Asselin, Martial, P.C.	Stadacona	La Malbaie, Que.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Balfour, Reginald James	Regina	Regina, Sask.
Barrow, Augustus Irvine	Halifax-Dartmouth	Halifax, N.S.
Beaubien, L. P.	Bedford	Montreal, Que.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Bell, Ann Elizabeth	Nanaimo-Malaspina	Nanaimo, B.C.
Benidickson, W. M., P.C.	Kenora-Rainy River	Kenora, Ont.
Bielish, Martha P.	Lakeland	Warspite, Alta.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Cameron, Donald	Banff	Banff, Alta.
Charbonneau, Guy	Kennebec	Montreal, Que.
Cook, Eric	Harbour Grace	St. John's, Nfld.
Cools, Anne C.	Toronto Centre	Toronto, Ont.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Cottreau, Ernest G.	South Western Nova	Yarmouth, N.S.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Toronto, Ont.
De Bané, Pierre, P.C.	De la Vallière	Montreal, Que.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Deschatelets, Jean-Paul, P.C.	Lauzon	Montreal, Que.
Donahoe, Richard Alphonsus	Halifax	Halifax, N.S.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Frith, Royce	Lanark	Perth, Ont.
Gigantès, Philippe Deane	De Lorimier	Montreal, Qué.
Giguère, Louis de G.	De la Durantaye	Montreal, Que.
Godfrey, John Morrow	Rosedale	Toronto, Ont.
Grafstein, Jerahmiel S.	Metro Toronto	Toronto, Ont.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Guay, Joseph-Philippe, P.C.	St. Boniface	St. Boniface, Man.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Hébert, Jacques	Wellington	Montreal, Que.
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Inman, F. Elsie	Murray Harbour	Montague, P.E.I.
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Kenny, Colin	Rideau	Ottawa, Ont.
Kirby, Michael	South Shore	Halifax, N.S.
Kolber, Leo E.	Victoria	Westmount, Qué.

Senators	Designation	Post Office Address
THE HONOURABLE		
Lafond, Paul C.	Gulf	Hull, Que.
Lang, Daniel A.	South York	Toronto, Ont.
Langlois, Léopold	Grandville	Quebec, Que.
Lapointe, Renaude, P.C.	Mille Isles	Montreal, Que.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Leblanc, Fernand-E.	Saurel	Montreal, Que.
LeBlanc, Roméo, P.C.	Beauséjour	Grand-Digue, N.B.
Lefebvre, Thomas Henri	De Lanaudière	Davidson, Que.
Le Moyne, Jean	Rigaud	Montreal, Que.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
McGrand, Fred A.	Sunbury	Fredericton Junction, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.
Olson, Horace Andrew, P.C.	Alberta South	Iddesleigh, Alta.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Pitfield, Peter Michael	Ottawa-Vanier	Ottawa, Ont.
Riel, Maurice, (Speaker)	Shawinegan	Westmount, Que.
Riley, Daniel	Saint John	Saint John West, N.B.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Rousseau, Yvette Boucher	De Salaberry	Hull, Que.
Rowe, Frederick William	Lewisporte	St. John's, Nfld.
Sherwood, Cyril B.	Royal	Norton, N.B.
Sinclair, Ian	Halton	Oakville, Ont.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Steuart, David Gordon	Prince Albert-Duck Lake	Regina, Sask.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Sullivan, Joseph A.	North York	Toronto, Ont.
Thériault, L. Norbert	Baie du Vin	Baie Ste-Anne, N.B.
Thompson, Andrew	Dovercourt	Kendal, Ont.
Tremblay, Arthur	The Laurentides	Quebec, Que.
Turner, Charles Robert	London	London, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Watt, Charlie	Inkerman	Kuujjuaq, Qué.
Wood, Dalia	Montarville	Montreal, Que.
Yuzyk, Paul	Fort Garry	Winnipeg, Man.

SENATORS OF CANADA

BY PROVINCE

At Dissolution, July 9, 1984

ONTARIO—24

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	David A. Croll	Toronto-Spadina	Toronto.
2	Joseph A. Sullivan	North York	Toronto.
3	David James Walker, P.C.	Toronto	Toronto.
4	Rhéal Bélisle	Sudbury	Sudbury.
5	Daniel Aiken Lang	South York	Toronto.
6	William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora.
7	Douglas Keith Davey	York	Toronto.
8	Andrew Ernest Thompson	Dovercourt	Kendal.
9	Richard James Stanbury	York Centre	Toronto.
10	Joan Neiman	Peel	Caledon East.
11	John Morrow Godfrey	Rosedale	Toronto.
12	Royce Frith	Lanark	Perth.
13	Peter Bosa	York-Caboto	Etobicoke.
14	Stanley Haidasz, P.C.	Toronto-Parkdale	Toronto.
15	Lowell Murray	Grenville-Carleton	Ottawa.
16	Peter Alan Stollery	Bloor and Yonge	Toronto.
17	Peter Michael Pitfield	Ottawa-Vanier	Ottawa.
18	William McDonough Kelly	Port Severn	Mississauga.
19	Ian Sinclair	Halton	Oakville.
20	Jerahmiel S. Grafstein	Metro Toronto	Toronto.
21	Anne C. Cools	Toronto Centre	Toronto.
22	Lorna Marsden	Toronto-Taddle Creek	Toronto.
23	Colin Kenny	Rideau	Ottawa.
24	Charles Robert Turner	London	London.

QUEBEC—24

	Senators	Electoral Division	Post Office Address
	THE HONOURABLE		
1	Hartland de Montarville Molson	Alma	Montreal.
2	Louis Philippe Beaubien	Bedford	Montreal.
3	Jacques Flynn, P.C.	Rougemont	Quebec.
4	Azellus Denis, P.C.	La Salle	Montreal.
5	Jean-Paul Deschatelets, P.C.	Lauzon	Montreal.
6	J. G. Léopold Langlois	Grandville	Quebec.
7	Louis de Gonzague Giguère	De la Durantaye	Montreal.
8	Paul C. Lafond	Gulf	Hull.
9	Renaude Lapointe, P.C.	Mille Isles	Montreal.
10	Martial Asselin, P.C.	Stadacona	La Malbaie.
11	Maurice Riel, (Speaker)	Shawinegan	Westmount.
12	Pietro Rizzuto	Repentigny	Laval sur le Lac.
13	Dalia Wood	Montarville	Montreal.
14	Fernand-E. Leblanc	Saurel	Montreal.
15	Yvette Boucher Rousseau	De Salaberry	Hull.
16	Guy Charbonneau	Kennebec	Montreal.
17	Arthur Tremblay	The Laurentides	Quebec.
18	Jean Le Moyne	Rigaud	Montreal.
19	Jacques Hébert	Wellington	Montreal.
20	Leo E. Kolber	Victoria	Westmount.
21	Philippe Deane Gigantès	De Lorimier	Montreal.
22	Charlie Watt	Inkerman	Kuujjuaq.
23	Pierre De Bané, P.C.	De la Vallière	Montreal.
24	Thomas Henri Lefebvre	De Lanaudière	Davidson.

MANITOBA—6

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

BRITISH COLUMBIA—6

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

SASKATCHEWAN—6

	THE HONOURABLE		
1	Hazen Robert Argue, P.C.	Regina	Kayville.
2	Herbert O. Sparrow	Saskatchewan	North Battleford.
3	Sidney L. Buckwold	Saskatoon	Saskatoon.
4	David Gordon Steuart	Prince Albert-Duck Lake	Regina.
5	Reginald James Balfour	Regina	Regina.
6			

ALBERTA—6

	THE HONOURABLE		
1	Donald Cameron	Banff	Banff.
2	Earl Adam Hastings	Palliser-Foothills	Calgary.
3	Horace Andrew Olson, P.C.	Alberta South	Iddesleigh.
4	Martha P. Bielish	Lakeland	Warspite.
5	Daniel Phillip Hays	Calgary	Calgary.
6	Joyce Fairbairn	Lethbridge	Lethbridge.

NOVA SCOTIA—10

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	John Michael Macdonald	Cape Breton	North Sydney.
2	Henry D. Hicks	The Annapolis Valley	Halifax.
3	Bernard Alasdair Graham	The Highlands	Sydney.
4	Augustus Irvine Barrow	Halifax-Dartmouth	Halifax.
5	Ernest George Cottreau	South Western Nova	Yarmouth.
6	Robert Muir	Cape Breton-The Sydneys	Sydney Mines.
7	Richard Alphonsus Donahoe	Halifax	Halifax.
8	John B. Stewart	Antigonish-Guysborough	Bayfield.
9	Michael Kirby	South Shore	Halifax.
10	Allan Joseph MacEachen, P.C.	Highlands-Canso	Whycocomagh.

NEW BRUNSWICK—10

	THE HONOURABLE		
1	Fred A. McGrand	Sunbury	Fredericton Junction.
2	Charles Robert McElman	Nashwaak Valley	Fredericton.
3	Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine.
4	Daniel Riley	Saint John	Saint John West.
5	Margaret Jean Anderson	Northumberland-Miramichi	Newcastle.
6	L. Norbert Thériault	Baie du Vin	Baie Ste-Anne.
7	Cyril B. Sherwood	Royal	Norton.
8	Romeo LeBlanc, P.C.	Beauséjour	Grand-Digue.
9	Eymard Georges Corbin	Grand-Sault	Grand-Sault.
10			

PRINCE EDWARD ISLAND—4

	THE HONOURABLE		
1	Florence Elsie Inman	Murray Harbour	Montague.
2	Orville Howard Phillips	Prince	Alberton.
3	Mark Lorne Bonnell	Murray River	Murray River.
4	Heath Macquarrie	Hillsborough	Victoria.

NEWFOUNDLAND—6

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

NORTHWEST TERRITORIES—1

	THE HONOURABLE		
1	Willie Adams	Northwest Territories	Rankin Inlet.

YUKON TERRITORY—1

	THE HONOURABLE		
1	Paul Lucier	Yukon	Whitehorse.

THE SENATE

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Director of Committees	Gary W. O'Brien, B.A., M.A.
Editor of Debates and Chief of Reporting Branch	George R. Baker
Chief of Minutes and Journals	Monique Grenier Tomka
Deputy Gentleman Usher of the Black Rod	

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Associate Editor of Debates, French	Flavien J. Belzile
Associate Editor and Senior Reporter	William J. Culleton
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Department of Secretary of State

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

LIBRARY OF PARLIAMENT

Parliamentary Librarian	Erik J. Spicer, C.D., B.A., B.L.S., M.A.L.S.
Associate Parliamentary Librarian	Richard Paré, B.A., B.L.S.

THE SENATE

Wednesday, December 7, 1983

OPENING OF SECOND SESSION THIRTY-SECOND PARLIAMENT

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

The Senate met at 2.30 p.m., the Speaker in the Chair.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Secretary to the Governor General, as follows:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

7 December, 1983

Sir,

I have the honour to inform you that His Excellency the Governor General will arrive at the Main Entrance of the Parliament Buildings at 2.45 p.m. on this day, Wednesday, the 7th day of December, 1983.

When it has been signified that all is in readiness, His Excellency will proceed to the Chamber of the Senate to open formally the Second Session of the Thirty-Second Parliament of Canada.

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

The Honourable
The Speaker of the Senate,
Ottawa

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

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

Honourable Members of the Senate,

Members of the House of Commons:

I have the honour to welcome you to the Second Session of the 32nd Parliament of Canada.

Canadians had the great pleasure of welcoming their Royal Highnesses, the Prince and Princess of Wales on an extended tour in June and July of this year. All who saw them were impressed by their friendly, out-going manner and their youthful dignity. As well, since April 1980, we have had the pleasant duty of hosting and meeting with fourteen foreign Heads of State visiting Canada.

We join fellow Canadians in looking forward to the scheduled visit to Canada in 1984 of Her Majesty, the Queen, and His Royal Highness, the Duke of Edinburgh, who will tour the provinces of Ontario, New Brunswick and Manitoba.

You recently completed an historic session of Parliament. The Constitution was brought home and with it came the final attainment of full Canadian sovereignty. The entrenchment of the Charter of Rights and Freedoms will forever help protect the liberty of our citizens. The vital energy and transportation industries are being transformed by the passage of the National Energy Program and the Western Grain Transportation Act. A co-operative national campaign to cut the rate of inflation in half was initiated through the 6 and 5 program. Members and Honourable Senators present all played an active part in these momentous events.

We meet today in a perilous time. East-West tensions are rising. Violence stalks many lands. The resort to force is a daily occurrence. The nuclear threat preys upon the hopes and dreams of every man and woman on the planet. The pursuit of peace must be the paramount goal of mankind. In this quest we must not fail.

For the past several years Canadians, indeed all people, have coped not only with the melancholy of the nuclear threat, but with the reality of the worst recession since the 1930s. This recession, which left more than thirty million people unemployed in the industrialized nations alone, is fortunately ending. Unemployment in all countries will remain too high for too long. But Canada has dramatically reduced the inflation which was the origin of this downturn. Our regained strength, combined with the

proper mix of public policies, can now return the country to economic health and move us to new achievements.

So we must work for two goals central to the well-being of Canadians—to secure peace and to secure prosperity.

Abroad, the Government has begun the task of helping to construct a global partnership for peace.

At home, the Government's efforts will be directed to building a national partnership for prosperity.

To attain these goals, a comprehensive program will be presented:

—to seek fresh approaches to world peace;

—to encourage economic growth so that more Canadians can own a home, learn a trade, expand a business, participate in the ownership of our resources and gain a fair share of the abundant benefits this country can provide;

—to develop new partnerships among business, labour, government and other groups so that together we will build a better future;

—to preserve Medicare, increase pensions for the elderly, improve public safety, extend native rights, and further protect the freedom of individuals; and

—to reinforce Canada's identity through enhanced recognition of our cultural heritage and increased support for our creative artists by new broadcasting, telecommunications and copyright policies.

I. *Canada's Role in Seeking World Peace*

Thirty-five million people have been killed in wars since 1945, and the possibility of a major conflict is a danger no nation can ignore. In the four decades since the Second World War, Canada and its allies have sought to preserve peace through substantial contributions to Western collective defence and sustained efforts to resolve differences with our adversaries. Yet the current international situation is cause for considerable concern, even anguish.

The Government, in close consultation with our allies, intends to devote its full resources to exploration of every possible means to restore confidence and trust to the international scene. It will continue to advance proposals to slow the steady spiral of the arms race, halt the spread of nuclear weapons and create the conditions for greater security at lower levels of armament.

Canada will continue to make a responsible contribution to collective defence, in fulfillment of its obligations to the North Atlantic Treaty Organization and the North American Air Defence Command. The Government will maintain its commitment to 3 percent real growth annually in defence expenditure, thus ensuring that our forces are equipped with modern conventional weapons. Canadian forces will not be armed with nuclear weapons. Announcements will be made regarding conventional weapons procurement programs.

Renewed attention, too, will be given to the contribution Canada can make to peace and stability through peacekeeping operations under the control of the United Nations, particularly where local crises risk escalation into wider conflict.

Improving the climate among nations requires knowledge, creativity and a determination to find solutions. Reflecting Canada's concern about current international tensions, the Government will create a publicly funded centre to gather, collate and digest the enormous volume of information now available on defence and arms control issues. Fresh ideas and new proposals, regardless of source, will be studied and promoted.

Canadians want more than ever to become personally involved in the quest for peace. The Government will increase its funding for voluntary associations and private research groups interested in security, arms control and disarmament issues. Resources for research and development of verification procedures, the basis of successful arms control agreements, will be expanded substantially.

Economic progress is a crucial contributor to peace and stability. Recognizing the urgent needs of developing countries, the Government will maintain its commitment to overseas development aid. Canada will achieve aid goals of 0.5 percent of the Gross National Product by 1985, and 0.7 percent of the GNP by the end of this decade. Increased involvement of voluntary organizations and the co-operative movement will be sought in the delivery of this aid. Particular attention will continue to be given to the growing world food crisis, through existing programs, and the new International Centre for Ocean Development.

II. *Opportunities through Growth*

Lasting employment for all Canadians wanting work is a critical national objective. Since last December, 353,000 new jobs have been created by the economy. Through the injection of close to $5 billion in stimulus, the April 1983 Recovery Budget set in motion hundreds of needed capital projects across Canada, and helped make possible a return to much higher rates of private sector investment.

But even with a strong recovery, the Government believes direct action to create jobs continues to be essential. And young people are the priority.

Therefore, a larger portion of the Government's job creation expenditures will be devoted to unemployed youth and these programs will be delivered more effectively. Using re-allocated and new resources, a $1 billion Youth Opportunity Fund will assist young Canadians in acquiring new skills and in finding jobs in the private, voluntary and public sectors. In particular, substantial resources from this Fund will be allotted to a career access program which encourages the private sector to provide work and training to those entering the workforce for the first time. To intensify the Government's efforts

for young Canadians, a Minister of State for Youth will be appointed.

While young people will receive special attention, the employment strategy of the Government will touch every group in society. Additional funds for this winter will be allocated to the Canada Works Program. Job opportunities in forestry, mining and the fishery will be enhanced through flexible uses of Unemployment Insurance funds.

Two new programs will be introduced. Canada's massive, diverse and vital voluntary sector will receive incentives to hire Canadians through a National Voluntary Service. A conservation corps—Environment 2000—will be created to employ Canadians to carry out essential tasks in reforestation and national park development.

Developing our Regional Strengths

Direct action to create jobs is essential. But the major opportunity for increasing employment is through the expansion of our industrial and resource sectors. We must reconstruct the basis for long-term economic growth and seize the opportunities provided by the recovery.

We must start by building on our regional strengths.

To ensure a strong national economy capable of providing jobs and meeting the needs of all Canadians, wherever they may live, federal programs and funding have already been re-organized in a new Industrial and Regional Development Program. It will support recovery through concrete initiatives, taking maximum advantage of the strengths and attributes of every region.

A new era of federal-provincial planning and consultation is being launched. Federal economic development activities will more effectively support regional economic opportunities and the reduction of regional disparities. To this end, negotiations are underway to sign comprehensive Economic and Regional Development Agreements with the provinces. These agreements will include such key sectors as agriculture, forestry, minerals, tourism, transportation and industrial development. The first of these agreements was recently concluded with the Province of Manitoba. Federal purchases of goods and services, worth over $6 billion annually, will be planned in co-operation with the private sector to maximize regional and industrial benefits.

An Aggressive Trade Drive

Canada is a trading nation and a substantial part of our future growth must be led by exports. To spur this growth, the Government proposes a series of policy initiatives.

The scope of the successful Program for Export Market Development (PEMD) will be extended to support service industries and to encourage private trading houses.

Under current import duty remission procedures, "duty free export zones" will be established for the manufacturing and processing in bond of goods for export; as well, the Customs Act will be streamlined and modernized.

Active pursuit of world product mandates by Canadian subsidiaries of multi-national corporations, and the winning of additional export markets by Canadian companies, will be assisted by competition policy and direct funding.

To promote Canada's position as a Pacific Rim nation, the Government will move to facilitate establishment of the Asia Pacific Foundation of Canada.

While seeking new markets in the Pacific Rim, Europe and the developing world, we must continue to expand business and improve relations with our largest trading partner, the United States. Sectoral trade agreements with the United States will be examined in such areas as specialty steel products, urban transportation equipment, petrochemicals, textiles and clothing.

Competitive World-Class Industries

To compete in the world economy, Canada needs to modernize capital facilities, develop new industries and rebuild plant and equipment.

A key element in sustaining Canada's growth and creating jobs will be the increased use of micro-electronic technology. Legislation will be introduced to confirm the tax incentives for research and development announced in the April Recovery Budget. Further steps will be taken to implement the technology policy announced earlier this year, including creation of a national micro-electronics design network. The Natural Sciences and Engineering Research Council will receive additional funds. A newly created Office of Industrial Innovation will work closely with Canadian industry to develop commercial application of new technologies.

The automobile industry is crucial to our economic well-being. Stabilizing employment in automobile manufacturing and its supplier industries is an essential task. The Government intends to seek a Canada-Japan Auto Agreement for the benefit of both countries, leading to additional production facilities and parts procurement in Canada.

Planning for industrial reconstruction and new investment must be based on business-labour-government consensus. Sectoral collaboration is at the core of the Government's industrial policy. Three business-labour task forces, on the automotive, aerospace and forestry industries, have now reported and are receiving responses. Another task force on the petro-chemical industry is underway. The benefits of such collaboration are already evident—in aerospace, more than 8,000 new, permanent, high-technology jobs and potential new export sales of over $20 billion will result from the Government's initia-

tives with Bell Helicopter and Pratt & Whitney. Additional task forces are planned on information technology, private trading houses, textiles and clothing, shipbuilding and a deep-sea fleet, and selected elements of the service sector.

Small scale entrepreneurs are the unsung heroes of the recovery. Small businesses are a perpetual source of inventiveness, valuable export earnings, and vast job creation potential. To assist this sector, an expanded Shop Canadian program will be launched. Access to federal programs for small businesses will be improved using the Federal Business Development Bank for delivery.

Tourism is a source of income for hundreds of thousands of Canadians and is particularly important to the small business sector. A national tourism strategy, developed in co-operation with the industry and the provinces, will promote each region's special features. Canada's attractions will be aggressively marketed both at home and abroad, and especially in the United States.

Young Canadians want to know their country better. Older Canadians deserve a chance to see the land they have built. A new Canadian rail pass, similar to the Eurailpass, and other forms of discount fares will be initiated.

Additional attention will be given to the needs of the travelling public. Domestic air transportation will be reviewed with the object of reducing fares. The safety of air travel will be improved through funding for a new independent Aviation Safety Board.

The VIA Rail system will be upgraded through construction of new maintenance facilities in Western, Central, and Atlantic Canada. New trains will be developed for light density routes. Passenger services will be extended where traffic volumes warrant.

Building on our Resources

As part of the Government's thrust for growth, measures will be introduced to modernize and upgrade the fishery, forestry, mining and agriculture.

The Government of Canada recently took the lead in a restructuring of the Atlantic fishing industry. Above and beyond the funds for restructuring itself, nearly $200 million is being put to work improving fish grading, freezer facilities and for other measures of benefit to independent processors and individual fishermen. Funds for the fishing vessel assistance program will be increased for 1983-1984.

The fishery agreement with the Province of Newfoundland marked a turning point in the Government's relations with that province. It provides a promising basis for future co-operation in the best interests of Newfoundlanders.

The Pacific fishery—commercial, sports and native—is an important national resource. The Government recognizes that the problems of this essential west coast industry require urgent attention.

In addition to monies already provided for capital facilities, substantial funding to assist the Quebec fishing co-operative will be announced shortly.

Many Canadian communities depend on mining or forestry as their sole industry. The new regional development agreements will pay particular attention to the mining sector. The Government's forest renewal strategy will also be extended via these agreements, through the conservation corps—Environment 2000—and by additional funding for forestry research and development.

To help ensure that food production will continue to be one of Canada's long-term strengths, a livestock stabilization program will be established in co-operation with the provinces. Amendments will be proposed to the powers of the National Farm Products Marketing Council. A commission of inquiry will study the problems of potato marketing in Eastern Canada. The maximum for advance payments for grain will be increased. Amendments will be introduced to the Western Grain Stabilization Act to make it more responsive to the needs of producers.

Abundant clean water is a precious Canadian resource. Investment in Prairie water and soil requirements will expand, especially through the work of the new hydrology laboratory in Saskatoon. The Government welcomes the United States Government's increased recognition of our mutual problems of water quality. The negotiation of an agreement with the United States on acid rain will be pursued and efforts to reduce Canadian sulphur emissions will proceed.

Energy policy must continue to command the attention of Canadians. The framework for achieving our national goals of energy self-sufficiency and increased Canadian ownership was put in place with the passage of the National Energy Program. It now forms an integral part of the long-term planning of energy companies, large and small. Petroleum Incentive Payments, in particular, encourage both new sources of supply and enhanced Canadian ownership. The Government will continue its strong commitment to the NEP in order to ensure that our goals are reached. Legislation will also be introduced to confirm the Canada-Nova Scotia Energy Agreement—a stimulus to new large-scale development off Canada's east coast.

III. *Partnership for Recovery*

In its early stages the recession, in combination with high rates of inflation, caused a deterioration in our sense of community. Each major group in society sought to blame economic decline on someone else. Later, however, Canadians recognized that to avert the downward spiral they needed to turn away from past divisions and work together to restore growth and prosperity. This new co-operative spirit has already produced tangible results in

sharply reduced inflation, renewed growth, and enhanced employment prospects. But more is required.

The Minister of Finance has already begun a new round of economic consultations with provincial governments and other economic partners. Building on this initiative, the Government intends to introduce more permanent mechanisms of consultation. Regular economic outlook conferences involving labour, business, government and other interested parties will be called to pool information, to exchange views about the prospects ahead and to improve the basis for co-operative action. A new Industrial and Regional Development Board, jointly chaired by representatives from labour and business, will be formed to give practical advice on how best to implement the Government's industrial policy.

Work with the other economic partners to consolidate the gains from the 6 and 5 program of June 1982 will proceed.

While stimulating job creation, the Government will hold to a fiscal policy track which will contain and then curb the federal deficit as recovery strengthens. Administered prices will not be allowed to run ahead of other prices.

Following extensive and continuing consultations with the private sector and the provinces, the Government will introduce a new competition policy to bring market forces to bear in the continuing fight against inflation. The legislation will modernize conspiracy, monopoly and merger provisions, and promote the interests of consumers and small business through a freer marketplace. Amendments will also facilitate consortia to compete abroad for export sales and development projects.

To develop new ways in which co-operatives, credit unions and caisses populaires can make even more of a contribution to the economy, the Government will support the formation of a task force. It will explore how co-operatives can work alongside the private and public sectors to pursue an expanded role in the fishery, communications, manufacturing services and international trade.

Opening the Door to Labour

Labour has been and should continue to be a full partner in the process of economic recovery. Workers deserve a fair share of the recovery's benefits and an equal voice in the resolution of issues like technological change and productivity improvement.

North American, European and Japanese experience shows that productivity is a co-operative endeavour, not a punitive process of seeking more work for less reward. Greater productivity results from a combination of progressive management, ingenious technology, and high employee morale. It is the main long-term guarantor of increased real wages for Canadians.

A system of awards will be inaugurated to recognize the contributions of companies, labour organizations and individuals to Canada's productivity and competitiveness.

New technologies are a major hope for improving the quality of many monotonous and dangerous jobs. Workers in such jobs welcome new technology that is introduced in a planned and sensitive manner and that helps to create a safer environment and more secure employment. A fund will be created for Labour Canada to support research into the effects of technological change and to conduct joint information exchanges between management and workers.

The Government has worked closely with labour and business representatives to establish a new centre for productivity and employment growth. Reconciling the advantages of technology with the needs of workers will be one of the main tasks of this centre. Consultations to create the centre are being completed and linked with efforts to forecast and plan better for future labour requirements.

This Government believes that the maintenance and improvement of workers' rights are fully consistent with, and indeed essential to, increased productivity.

A fundamental aspect of productivity is a secure, safe environment for workers. Changes will be introduced to the Canada Labour Code to improve occupational safety and health, to establish labour standards relating to sexual harassment, and to upgrade standards on parental leave. Legislation will provide for consolidation under a single act of occupational safety and health standards that apply to federally regulated industries, and for the extension of the same standards to federal public servants.

Selected Crown corporations and units of the public service will be encouraged to test new methods of co-operative productivity improvement. These may have wider application in both public and private sectors.

The framework for the accountability and control of federal Crown corporations will be improved and a bill will be introduced to confirm in legislation the Canada Development Investment Corporation to better manage certain Crown assets. Labour representatives will be invited to join the boards of directors of selected Crown corporations. For many years, there has been an exchange of senior executives between corporations and the Government. This program, Interchange Canada, will now actively seek labour participants as well.

Part-time work is a growing trend. Consultations on pension rights and fringe benefits for the part-time work force will be undertaken with provincial governments, labour and business.

IV. *Strengthening the Safety Net*

The number one social priority of the Government is to reduce poverty among the aged. One of the first acts of

the last session was to increase by $35 per month per household the Guaranteed Income Supplement. Indexation of the GIS means that this income has been fully protected against inflation. But more is required to help the single pensioner who is in need. Legislation will be introduced to increase the supplement for single pensioners providing additional assistance to more than 700,000 Canadians.

Beyond helping the elderly most in need, the pension system itself must be reformed to reduce poverty in the future.

The Government is committed to improving the adequacy and fairness of our retirement income system at the earliest possible date and in a manner that will not impede economic recovery. The report of the Parliamentary Task Force on Pension Reform will soon be published. Based on consensus, the Government will take steps to strengthen both public and private pension plans so that Canadians can be better assured of security, dignity and fulfillment in retirement. Reforms to be pursued under the Pension Benefits Standards Act will include improvements in coverage, vesting, portability, survivor benefits, benefit protection and mandatory splitting of pension credits. Concurrence of provincial governments will be sought on changes to pension benefit standards and to the Canada and Quebec Pension Plans in order to ensure that pensioners receive comparable benefits wherever they live in the country.

The health care system is of central importance to all Canadians. The Government is committed to maintaining the equitable system, built up over the past two decades, for payment of medical care and hospital costs. It must not be eroded and eventually destroyed through extra charges to the sick. A new Canada Health Act will be introduced to clarify the objectives of Canada's health insurance system and ensure that universal access to health care continues.

Financial assistance to the provinces for medical care, hospital care and post-secondary education programs will be greatly increased this year. More than $500 million, above and beyond the $13 billion estimated at the start of the year, will be transferred to the provinces in 1983-84. This increased level of financial support, at a time when resources are limited, demonstrates the strength of the Government's commitment to maintaining the quality and integrity of our country's health services and post-secondary education.

The Government will continue its efforts to help reduce the long-term costs of health care through attention to preventive programs, health facilities design, indoor air quality, physical fitness and support for para-medical services.

New Protection for Homes and Businesses

Canadians require improved security against losing their home or business.

The Government recognizes the concerns of homeowners and potential home buyers about the uncertainty of future mortgage costs. Legislation and other measures will be proposed to further strengthen confidence in the housing market by giving greater protection to homeowners. The choice of mortgage instruments will be broadened. These measures should increase the accessibility and security of home ownership, provide a greater measure of confidence and stability to the homebuilding industry, and enhance the flexibility of the mortgage market.

Attention will also be given to the need for long-term farm, fishery and small business financing.

High interest rates have taken a substantial toll among businesses, and especially among farmers, revealing important weaknesses in our bankruptcy laws. Revisions will be sought to increase the flexibility of these laws, to introduce a system of pre-bankruptcy arbitration for farmers, and to give greater protection to the wages of workers.

Personal Safety and Security

Canadians are increasingly concerned about the incidence of violent crime. Flowing from a complete review of the Criminal Code, legislative proposals will include increased mandatory sentences for violent offenders. Law enforcement to prevent importation of illegal drugs and trafficking will be improved. Stiffer penalties and procedures will be introduced to keep drunk drivers off our roads and highways. Support for voluntary crime prevention programs such as Neighbourhood Watch will be strengthened.

Victims of crime must receive more consideration. Greater flexibility will be provided to allow restitution to victims. Amendments to the Criminal Code will help speed up the administration of justice to ensure that victims do not suffer twice—during the crime and then during the wait for a trial.

Hard core pornography, which often emphasizes violence and degradation of women, has no place in Canadian society. The Government will act immediately to introduce amendments to the Criminal Code on pornography. It will also consider further legislation after receiving the reports of two expert committees, on pornography and prostitution; and sexual offenses against children.

You will be asked to consider revised legislation to create a Canadian Security Intelligence Service. A bill will be introduced to give full protection to the personal privacy and rights of individual Canadians in the conduct of the Service's activities. Changes to the Royal Canadian

Mounted Police Act will provide for improved attention to grievances by private citizens.

So that individual Canadians and their communities can be better prepared for unanticipated events, the federal Government will work in co-operation with the provinces to give increased attention to emergency planning, during the coming year.

Securing Individual Rights

The Charter of Rights and Freedoms, the Privacy and Access to Information legislation and other measures taken by the Government reaffirm our belief in the primacy of the individual. A bill will be introduced to revise all federal laws so that they conform to the Charter.

The rapid pace of social change in Canadian society has been reflected in a much higher divorce rate. You will be asked to consider a new Divorce Act to make this painful legal process more equitable and less complex. Work will continue with provincial governments to strengthen procedures for enforcement of maintenance and custody orders.

More funding will be provided for women's voluntary organizations and for research on women's issues. The recommendations of the Federal-Provincial Task Force on Family Violence will be pursued by continuing to allocate social housing units to provide shelters for the victims of such violence. The subject of day care has been placed on the agenda of a federal-provincial meeting of ministers responsible for the status of women, to be held early in the new year. A progress report on the decade since the United Nations' International Women's Year will be prepared.

Pilot projects will be undertaken to improve access to public transportation for the physically disabled. A national plan of action will continue the work of removing other obstacles to full participation of the disabled in our society, and Parliament will be given the opportunity to review progress in attaining this goal.

Action will soon be taken to respond to the report of the Parliamentary Committee on Indian Self-Government. The Government will introduce a bill to remove the long-standing grievance of discrimination against Indian women under the Indian Act. Funding will be provided for continued job creation programs on Indian reserves.

In March 1984, at the second Constitutional Conference on Aboriginal Rights, the Government will address equality rights, aboriginal title, treaties, aboriginal and treaty rights, land and resources, and aboriginal self-government.

V. *Pursuing our Canadian Identity*

We Canadians know that our diversity—our lack of pressure to conform to a single mold—is an integral part of our identity. Canadian variety, tolerance and civility are to be treasured and nurtured.

If Canadians are not to be strangers in their own land, however, radio and television must both inform us and enlarge our horizons. To this end, legislation will be presented to implement the new National Broadcasting Policy. This policy will assure greater Canadian content on the Canadian Broadcasting Corporation, extend French language program services, improve international marketing of Canadian cultural products, enhance regional and native access to broadcasting services, and provide incentives for private production of programs.

In recognition of the proliferation of electronic technologies, new policies for film, video and sound recording will be introduced to strengthen the private production industry. Revised telecommunications legislation will also be advanced. Proposals will be made to change the copyright laws to provide greater protection for the work of artists, authors, and entertainers.

The definition of a registered charity under the Income Tax Act and related matters will be referred to a joint parliamentary task force.

Immigrants have always brought new ideas, energy, and talent to Canadian society. A new act will be introduced to give statutory recognition to the Government's policy of multiculturalism. To recognize the valuable contributions of immigrants over 65 years of age, most of the formal requirements for Canadian citizenship, aside from residency, will be relaxed for those over that age. The Government will continue to promote a wider knowledge of our two official languages, and to support the voluntary sector in over a thousand projects of heritage language instruction, offered to 125,000 students. The Government will give early attention to the report of the Parliamentary Task Force on Visible Minorities and will act to strengthen laws against hate literature.

The Government will continue to promote balanced development of the Yukon and Northwest Territories, to settle aboriginal claims, and to foster the evolution of responsible government in the North. Funds will be provided through the Northern Oil and Gas Action Plan to ensure that northerners are involved in preparing for oil and gas development. In view of the need to sustain more permanent communities in the North, an early announcement will be made regarding the taxation of northern benefits.

The Government invites all Members to support its program for growth, opportunity, security, partnership and peace. The months ahead will be decisive ones for Canada. Special efforts will be made to consult with other parties on the timing of legislative measures. Constructive amendments proposed by the Opposition will be given full consideration.

Immediate action is proposed on recommendations by the all-party committee regarding parliamentary reforms.

The Government will continue to take an active interest in the work of the Senate-House Committee on Senate Reform.

Members of the House of Commons:

You will be asked to appropriate the funds required to carry on the services and expenditures authorized by Parliament. You will be asked to consider a budget. You will be asked to consider other legislation required for the resolution of specific economic, social and legal problems.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence guide you in your deliberations.

The House of Commons withdraw.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. William J. Petten presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION NEXT SITTING

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

Hon. Senators: Dispense.

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

Hon. Léopold Langlois, seconded by Hon. William J. Petten, moved:

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

Motion agreed to.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

Hon. Léopold Langlois, seconded by Hon. Martial Asselin, moved:

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

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. Léopold Langlois, seconded by Hon. Martial Asselin, moved:

That, pursuant to Rule 66(1), the following Senators, to wit: the Honourable Senators Asselin, Bélisle, Cottreau, Denis, Langlois, Lapointe, Macdonald, Muir and Petten be appointed a Committee of Selection to nominate (a) a Senator to preside as Speaker *pro tempore*; and (b) the Senators to serve on the several select committees during the present Session; and to report with all convenient speed the names of the Senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 8, 1983

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

Prayers.

[*Translation*]

SPEECH FROM THE THRONE

TERMINATION OF DEBATE ON ADDRESS IN REPLY ON EIGHTH SITTING DAY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(i), I move:

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

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

Hon. Senators: Agreed.

[*English*]

Hon. Duff Roblin (Acting Leader of the Opposition): I take it for granted, although it could perhaps be clearer in the wording, that the "eighth sitting day" refers to the eighth sitting day of this house.

Hon. Royce Frith (Acting Leader of the Government): Yes, that is correct.

Motion agreed to.

[*Translation*]

REFORM OF THE SENATE

APPOINTMENT OF SPECIAL JOINT COMMITTEE—NOTICE OF MOTION

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(h), I move:

> That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;
>
> That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;
>
> That the following Senators be appointed to act on behalf of the Senate on the said Special Joint Committee, namely, the Honourable Senators Asselin, Doody, Leblanc, Le Moyne, Lewis, Lucier, Molgat and Tremblay;
>
> That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;
>
> That the Committee have power to sit during sittings and adjournments of the Senate;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the papers and evidence received and taken on the subject and the work accomplished during the First Session of the Thirty-second Parliament be referred to the Committee;
>
> That the Committee have power to adjourn from place to place within Canada;
>
> That the quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;
>
> That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen;
>
> That the Committee present its final report no later than January 31, 1984;

May I point out, honourable senators, that this provision differs from the motion that was adopted when the committee was first struck; the date for the presentation of the final report, which was then December 31, 1983, if I remember correctly, has now been postponed to January 31, 1984.

> and;
>
> That a Message be sent to the House of Commons requesting that House to unite with this House for the above purpose and to select, if the House of Commons deemes advisable, members to act on the proposed Special Joint Committee.

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

• (1405)

[*English*]

Hon. Daniel Riley: Do you want us to agree to this now?

Senator Frith: No, I am asking whether leave is granted to deal with it now, not agreement on the motion itself.

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

Senator Riley: No.

Honourable senators—

Senator Frith: Honourable senators, I rise on a point of order. Senator Riley said that leave is not granted, so leave is not granted. Therefore, we move on to the next order and we will have to deal with this motion at the next sitting of the Senate which will be in approximately two weeks.

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Monday, December 19, 1983, at 8 o'clock in the evening.

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

Hon. Joseph-Philippe Guay: Honourable senators, I rise on a point of order. Did Senator Frith say we shall adjourn until December 19 at 8 o'clock in the evening?

Senator Frith: Honourable senators, by way of explanation, the motion for adjournment, as you will have noted and has been underlined by Senator Guay, is for a week from this coming Monday. It is clear from the inquiries that I have made, and I guess it is a matter of general knowledge, that we are unlikely—in fact, it is virtually impossible—to receive any legislation from the other place next week. Quite apart from dealing with legislation, the sittings of the Senate allow for a Question Period and present an opportunity for committees to meet.

• (1410)

Under the present circumstances, committees are not in existence because the whips are meeting to consider recommendations for the selection of members. For those reasons, honourable senators, there did not seem to me to be any reason for us to come back next week.

When we resume on Monday, December 19, it is hoped that we will have the report of the Committee of Selection, which we can adopt that evening. That would then give the committees a chance to organize themselves on the Tuesday and Wednesday before we adjourn on December 21.

However, if we decide to adjourn for the Christmas recess at the same time as the other place, the following week will be a three-day week. I would remind honourable senators of the new rules applicable for this year in the other place stipulating that the House of Commons will adjourn on Wednesday, December 21.

While on the subject of adjournments, honourable senators, I apologize that I cannot give any definite information regarding the length of the Christmas adjournment. Over the last year we have used the adjournments of the other place as a guide, and, as honourable senators know, the other place has just completed an experimental year with some new rules which provide, of course, for the adjournment on December 21. However, next year those rules will no longer be in effect unless the other place chooses to renew them.

The house leaders in the other place have not furnished me with a definite date on which the House of Commons proposes to resume, but, if they follow the tentative rules, it would mean they would come back on the third Monday which is January 16. In that event, my intention would be to recommend that we adjourn until the following week to resume on January 23.

However, this motion relates only to what we do next week and the week after.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I think that the acting leader is right to be concerned that the Senate should make the best use of its time, and I concur in that. However, it seems to me that other scenarios are possible to achieve the same result, and I would ask him whether they have received consideration.

One is that, instead of postponing our next sitting to Monday, December 19, perhaps we could meet next week and do the same things my honourable friend has suggested we do on Monday, December 19, namely, receive the report of the Selection Committee, and have the committees set up and in place. I am not aware of any business that comes before any of the committees to be re-established.

If the acting leader has decided that we should return on the week following next week, another possibility I would ask him to think about is whether the Senate should meet on Tuesday afternoon instead of Monday evening. That would give senators on the Selection Committee an opportunity to meet on Tuesday morning in order to do their work which should not take too long. The remainder of the two days can be used for the various committees to set themselves up, which, I think, is really a matter of formalities, there being no business that I am aware of that would require their attention during that time.

I would propose these two alternatives to the acting leader—either we sit next week and not the following week or, if he thinks that is ill-advised, sit on Tuesday, December 20, instead of Monday, December 19.

While I am on my feet, may I also refer to his trailer concerning when we resume in January and suggest to him that, unless there is a good reason for doing so—of which I am not aware—instead of returning on Monday, January 23, we stick to our usual day of Tuesday, January 24, for resuming our sittings. Perhaps my honourable friend could tell me if I have misunderstood the work that lies ahead of us, or whether

the outline I have sketched is a fair summary of what we are expected to do in the next little while.

Senator Frith: Honourable senators, we did consider the other scenarios which Senator Roblin quite properly says exist. Although there is no overpowering reason why those other scenarios were not accepted, allow me to explain why an adjournment until the week after next was chosen.

It is possible that during that week we may receive something on the income tax amendments. That would at least enable us to make a reference of the income tax amendments to the Standing Senate Committee on Banking, Trade and Commerce for a pre-study. I was unable to obtain any information that would encourage me to believe that we could do so next week, so I chose the following week.

On the question of the sitting of the Senate on Monday next rather than on Tuesday, I think I explained that; if we are to adopt the report of the Committee of Selection on Monday night, the committees would thereby be given more time to meet and there would be less likelihood of an overlapping of the scheduled meetings. We are hoping that the Committee of Selection will meet on Monday before the Senate sits, so that its report will be ready for Monday evening. This would allow the other committees at least two mornings and an evening in which to conduct their business.

Therefore, while I cannot say that any of Senator Roblin's suggestions are unreasonable, perhaps, on balance, it is better to follow the program I outlined earlier.

Honourable senators, with respect to our return in January, I have no trouble with the Senate's sitting on Tuesday rather than on Monday. Perhaps we will discuss this matter further when we sit again the week after next.

Hon. Daniel Riley: Honourable senators, I rise on a question of privilege. When Senator Frith read the motion in respect of setting up a new committee—

The Hon. the Speaker: Senator Riley, we are discussing another motion. You may rise after that.

Senator Riley: I rise on a question of privilege.

Senator Frith: Senator Riley, perhaps we could finish speaking to this motion—

Hon. Charles McElman: This is a question of privilege.

Hon. Martial Asselin: What kind of privilege are we speaking about?

Senator Riley: I am speaking on a motion of Senator Frith which was misunderstood by me and, I am sure, by others.

When Senator Frith made a motion regarding the setting up of the new committee on Senate reform, I was present in the chamber. I did not listen to the interpretation at the time and I must confess that I sometimes find it difficult to follow Senator Frith when he speaks the other official language. I seem to follow other people more easily.

I had no intention of stopping the discussion on this particular motion, but I noticed that, when His Honour the Speaker was about to read the motion again, some honourable senators said "Dispense."

Honourable senators, I did not gather the full import of the motion. I would be happy to hear it discussed. Rather than embarrass any of my fellow senators, particularly Senator Frith, the Acting Leader of the Government, I will say that I would be disposed to having discussion on the motion proceed at this time, if that is agreeable to honourable senators. I may have some questions regarding the motion. I know, from speaking about this with other honourable senators, that questions are in their minds as well. I do not know if the wording of this motion is the same as that in the motion setting up the committee in the last session.

In my view we are entitled to full comprehension of the motion. I think we should be able to study the motion properly before anyone says "Dispense." I am sure that many honourable senators would agree.

• (1420)

Senator Frith: Honourable senators, I would be pleased to ask for unanimous consent to revert to Notices of Motions, but first I should like the motion now before us disposed of.

The Hon. the Speaker: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Monday, December 19, 1983, at 8 o'clock in the evening.

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

Motion agreed to.

REFORM OF THE SENATE

MOTION FOR APPOINTMENT OF SPECIAL JOINT COMMITTEE AGREED TO

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with reference to the motion which was proposed earlier relating to the re-establishment of the Joint Committee on Senate Reform, I point out, before turning the floor over to Senator Riley, that the motion is a repetition of the one which was passed in the preceding session establishing the Special Joint Committee on Reform of the Senate. Since it is a special committee, it does not fall within the procedures of the Committee of Selection. Senators presently serving on the committee have been nominated to serve again, and Senator Molgat, the joint chairman of the committee, would like to continue the work of the committee immediately. The only other change is that the date by which the committee has to report is January 31, 1984, rather than December 1, 1983.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, there is a tricky problem which at present I do not quite see my way through, and I would appreciate the opinion of Senator McElman and other honourable senators who are interested in the rules. Where do we stand on this

matter? The subject has been before the house and it has been decided by the house. If we have to rescind ourselves in one session, is it in order for us to do so, or does one say that if there is unanimous consent we can do anything? I would appreciate hearing the opinion of others on this subject.

Senator Frith: We should remember that all that was turned down was leave. The motion was not dealt with. Therefore we are not dealing with the subject that was properly raised by Senator Roblin, namely, the problem of re-introducing a motion. Since leave was not granted, the matter would have been dealt with at the next sitting, because it would appear on the Order Paper under "Motions". I believe that clearly we can now revert to Notices of Motions and reconsider the question of leave with unanimous consent. If unanimous consent is given, we would be entitled to deal with the motion now.

[*Translation*]

Hon. Martial Asselin: Honourable senators, the problem concerning our rules is that we, on this side, believe that the matter has been decided by this house and that we cannot vote twice on the same subject during the same sitting.

Senator Frith: It is only a question of leave.

Senator Asselin: It is much more than that. The Speaker asked whether there was leave to move the motion. The Senate then decided not to give leave. The question was therefore settled at that time. I am sorry, but we cannot during the same sitting come back to a motion which has already been decided by the house.

Unfortunately, we shall have to wait until our next sitting to put the motion because a decision has already been made. If my honourable friend wants to refer to the various paragraphs of Rule 49, he will see that once a decision has been made, it is impossible to come back to the same motion during the same sitting.

I would like the opinion of the Speaker on this matter, but I believe that this is what is stated in our rules.

Senator Frith: Honourable senators, I believe that the difference lies in the fact that there was no decision, but simply a refusal to grant leave. That is not a decision. I also believe that we could, with unanimous consent, do it this way even if a vote had been taken. However, this was not the case.

Senator Asselin: I believe, Mr. Speaker, that once the Senate has made a decision, it is the same as taking a vote. Whether it is called a vote or something else, a decision has been made. Unfortunately, this decision was made on division.

As long as the motion is not deferred to a subsequent sitting, I do not think that we are authorized to come back to a motion during one sitting.

The Hon. the Speaker: Honourable senators, unless we want to have a procedural debate, let us say that there was no discussion or decision on the motion itself.

[*English*]

The question on the motion has not been put. We are dealing with whether or not leave is granted. If I have the unanimous consent of the house to come back and determine whether leave is granted, that is different from the motion being defeated. My decision is that if honourable senators wish to revert to determining whether leave is granted, then I will accept their wishes; and if there is objection to that proposal, I will accept it as well.

So, honourable senators, is leave granted?

Senator Asselin: What do you say, Senator Riley?

Hon. Daniel Riley: If leave means that there will be an opportunity to discuss the motion, then I have no objection to granting leave.

Senator Roblin: That is what it means.

The Hon. the Speaker: It could not mean anything else.

Is leave granted?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I have said everything I wish to say as mover of the motion. I believe that Senator Riley wishes to speak now.

[*Translation*]

Senator Asselin: Honourable senators, if Senator Riley cannot deliver, I should say our group had no intention of opposing its introduction today, on the contrary. This had already been discussed with our colleagues on the Committee. There has been too much work, effort and dedication by some Senators on the Committee for us to oppose the re-establishment of the Committee as provided for in this motion.

We had a few comments to make. I broached the subject when the Committee met this morning, and other Senators, including Senator Leblanc, Senator Tremblay, and Senator Doody discussed the matter also. It is our view that it is somehow rash for the Steering Committee to suggest that we could conclude our work by January 31st. Since its appointment in April, the Committee has met for days on end. It has travelled all across Canada hearing a considerable number of witnesses. We had only started working on a first draft of a report.

As it was indicated this morning by some Senators, with all the good will in the world we could not sit 24 hours a day and produce a document that would not reflect the views of the Senators on this Committee. We need more time and further consideration and discussion. Before we submit a final text, the Committee members will have to meet several times in order to submit, if not a majority report, at least a report that would stand on its feet.

Therefore, we on this side of this House suggest that the Chairman or Co-chairmen of this Committee should come back before both Houses and ask for a further extension. We were given to understand at the meeting this morning that the Government was hoping to have the findings of that Committee for the constitutional meeting to be held next March.

But the members of the Committee are not concerned about that matter being put on the agenda of the First Ministers' Conference next March. That is not our responsibility. The

Committee's responsibility is to prepare and submit a responsible report that will take into consideration the evidence brought before that Committee where we had the privilege of looking at the matter of Senate reform. The January 31 deadline does not leave us enough time, so that we will have to ask the Senate for an extension. No attempt should be made to limit the debates of the future members of that committee by saying that they must proceed rapidly and that they will have to sit three days next week. In any event, the Senate will not sit next week. Will this committee have to sit? The question is relevant because the senators who will sit on the committee do have other things to do and will not be able to attend regularly. It is unrealistic to think that we will be able to complete the proceedings before January 31. Right now, we ought to select a later date, possibly April 30. We would be rested and have time to consider every aspect of the work we have to do before producing an intelligent report.

Hon. Jean-Paul Deschatelets: I want to ask a question to Senator Frith. You mention the date of January 31 in your motion, but I suspect it was not your decision. It must have been decided by the co-chairman of the joint committee who undoubtedly had something to say about picking the date of January 31. Would Senator Molgat comment on that?

Hon. Gildas L. Molgat: Honourable senators, I am pleased to answer the question. When I made that suggestion on behalf of the committee last week and recommended that the committee be struck as early as possible at the beginning of this new session, I did say that it was not a decision of the co-chairmen. It was taken by the steering committee. It was later approved by the whole committee and the members asked the co-chairmen to intervene and seek an extension. We discussed the matter with the minister responsible, Mr. MacGuigan, and reported to our committee that the position of Mr. MacGuigan was that the government was anxious to have the recommendations of the committee. The government wants to submit proposals to the first ministers' conference scheduled for March, I believe. It is not a government decision. Since it is a joint committee of the Senate and the House of Commons, it is the responsibility of both houses, to make the necessary decisions. Mr. MacGuigan told us that he did not have any objection to the date proposed for producing our report, at the end of January, but he would have preferred an earlier date. We consulted our colleagues and the other parties in the House. It was agreed to ask for an extension until January 31. The committee has scheduled its agenda so as to complete its work by that date. In fact, we did try to set an earlier date. We were hoping to table the report in both Houses when they meet after the Christmas recess. We opted for January 31 so as to have more time.

Of course, we had no idea that in the meantime we would have a holiday last week, or when the Houses would meet again. We had to make a decision, although we did not know exactly what would happen. We have set our agenda. The committee was unable to sit during the holiday because it did not exist.

I thank my colleagues for getting together this morning to speed up the work of our committee. It was an informal meeting since we did not exist yet as a committee. Some senators have complained that we have not had enough time, in view of the few days off we had recently. Yet, when I made that suggestion last week, I indicated that our committee would strive to complete its study before the set date. Because of the problems, we could not make any promise. I feel that my current remarks are consistent with those of Senator Asselin. Evidently I cannot be the co-chairman of this committee, for it does not exist yet. Its members have not yet been selected either. We will allow all those who have views to express them before the committee. Should we not be able to fulfill our mandate by a determined date, we would return to this house to seek a new extension. I would ask the Government House Leader to make other arrangements. If our committee could be reinstated forthwith, we would get back to work immediately.

Hon. Arthur Tremblay: Honourable senators, let me contribute a few remarks to clearly identify the problem. We have been told in committee that in order for the report to be printed by the end of January, it must be delivered to the printers a month before, that is to say before the Christmas recess. How long have we left to complete this report? We only have two days left, unless we sit next week. If we do sit at the same time as the Senate, there are December 20 and 21 left. This morning, we dealt unofficially with the project prepared by the committee staff. So far, we have considered what amounts to two out of eight chapters. I should add that one of the chapters was straightforward, dealing with the schedule of the committee. This morning we started to examine a somewhat controversial chapter, but we have not finished it. We feel almost as much time will be required for the six remaining chapters. Should things go as well as they did this morning, we will probably need three days of full time study to complete the study of the six chapters remaining. We have only two days left. It is therefore physically impossible for the report to be printed and tabled in the houses before the end of January. You would not be dealing realistically with this issue if you did not take this fact into account. Accordingly the time limit of January 31st should be postponed. We need to be given enough time to conscientiously fulfill our mandate.

• (1440)

[*English*]

Hon. Charles McElman: Honourable senators, it seems to me that we are permitting—in this Parliament as well as in some of the provincial legislatures—governments to put the cart before the horse. The government should come before Parliament requesting deadlines instead of setting them. Instead of having Parliament meet the schedules of the government, I think it is time that the government met the schedule of Parliament. Parliament is supreme, not the government.

If it is not convenient for a federal-provincial conference to await Parliament, then that is their problem, not Parliament's.

When the Standing Senate Committee on Legal and Constitutional Affairs undertook its study of the first amendment to

the Constitution Act, 1982, the witnesses who appeared before the committee said repeatedly that what took place at a federal-provincial conference was done without proper study, without proper advice from the legal advisers of the Crown and without an understanding of what the final resolution meant. That opinion was expressed by at least one of the Premiers, although others backed off from expressing their disapproval of that resolution. So we have had before us an example of a federal-provincial conference taking precipitate action without having sufficiently studied a subject.

Now that we are undertaking studies relating to changes to the institution of Parliament itself, any committee established for that purpose, jointly or otherwise, should be given the time it requires, even if it takes a year to conduct its study. So I suggest to you that we should remove any reference to a deadline date in this resolution; the conference of first ministers should wait until Parliament has studied this matter, rather than having it the other way round.

Some Hon. Senators: Hear, hear.

Senator McElman: Once the committee has completed its study, made its report and/or recommendations, the first ministers can then consider the actions of Parliament.

There is one question I should like to ask the former chairman of that committee. Under the former resolution the committee had the right to travel. It is my understanding that the committee has completed its study and there is no need for it to travel any further. If that is the case, why does the committee now seek the right to travel?

Hon. Stanley Haidasz: They should go to Australia.

Senator Molgat: If I may be permitted to reply—

[*Translation*]

Hon. Fernand E. Leblanc: Honourable senators, I think it is important at this stage to indicate the outcome of the motion which was moved in December 1982 to establish the committee. Everybody agreed at the time, but the committee began to sit only in early May.

In the initial motion, the committee was granted one year to table its report; but in view of the fact that for a reason which I do not know, the committee began to sit only in May, it would be reasonable to follow Senator Asselin's suggestion to extend the time limit to March 31, 1984. Then the committee would have had one year to fulfill its mandate, and considering the progress the committee has made so far in its study of the first draft of the report, it could meet the late March deadline. Not everybody thinks that the said report could be tabled by March 31. I am under the impression that a new motion will be moved to obtain an extension.

[*English*]

Senator Frith: Honourable senators, I think that I can focus on the question by referring to what Senator Deschatelets has said. I did not pick this date of January 31.

Senator Riley: Is this the end of the discussion? If you speak now does that end the discussion?

Senator Frith: It should.

[Senator McElman.]

Senator Riley: In that case, I wish to say a word or two.

Senator Frith: That is why, when I stood up, I waited to see if someone else wished to speak on the matter.

Senator Asselin: You are too fast.

Senator Frith: I will wait, then; patience is a virtue.

Senator Riley: If this discussion has done nothing else, it has added to my confusion. Of course, I don't have a great deal of parliamentary experience—-

Some Hon. Senators: Oh, oh.

Senator Riley: —but I have always thought that when a session was prorogued, everything on the order paper died. Senator Asselin has stated that the members of the committee met this morning. To what committee is he referring?

Senator Asselin: It was an unofficial meeting.

Senator Riley: But you stated that members of the committee met this morning. There is no committee. The committee was instructed, when it was appointed a year ago, to produce a report by December 2. Apparently it was unable to do so. I do know of at least one person who wished to appear before that committee as a witness, a witness who would have made a valuable contribution to the report of that committee.

We have been told that the committee has just about completed its study.

Senator Asselin: It is in the process of that.

Senator Riley: In any event, the committee is dead now. Anything left unfinished in the last session of this Parliament died on the Order Paper when the session was prorogued.

Someone has suggested that we can simply retype the instructions for that committee, and that might be an answer.

I am inquisitive by nature and I should like to know whether this committee—when and if it is reconstituted or a new committee is appointed—will have a new agenda? Will witnesses be given the opportunity to appear before the new commitee, or will the report be based on the evidence given before the old committee?

One can do everything behind the scenes; one can pick up where one left off, but in this instance the committee died when the session was prorogued. It does not exist any more. We are supposed to be senior legislators.

• (1450)

Senator Roblin: That's right.

Senator Riley: In my experience, particularly in recent months—-

Senator Asselin: Or your lack of experience.

Senator Riley: In recent months, I have observed some steamrolling going on in the Senate and that goes against the grain. My point is that, if a new committee is set up, it should be set up properly. I do not think we should be told that "perhaps we can have the report by January 31." I do not think that any member of that committee or any honourable

senator of this hallowed house believes that the report will be forthcoming by January 31. Why not set a realistic date now?

Hon. L. Norbert Thériault: Or no date.

Senator Riley: Or no date. Perhaps that might be better. Perhaps, if we did not set up a committee, that might avert a few arguments between the deputy leader and myself.

When I was a member of a special committee we were given a deadline; we produced our report within a few days of that deadline.

This committee deals with a very important subject.

Senator Asselin: You can amend the motion if you want to.

Senator Riley: I am afraid, if I were to give vent to my Irish feelings, I would amend the motion by having it tabled for six months.

Hon. Nathan Nurgitz: Are you looking for a seconder?

Senator Riley: Senator Godfrey just made a remark to me which I should like to repeat. He said: "I'm "agin" reform." If I were "agin" reform, I would say that we should gather up the knowledge from the people who travel all over the world and have them relate their experiences to the Senate.

Senator Roblin: Hear, hear.

Senator Riley: This body is quite capable of reforming itself, and that reform should start here. We have shown within the past two years that we are capable of introducing procedures of reform within the Senate. That is why I suggest that we give this motion a six month's hoist.

Senator Asselin: Let's amend the motion.

Senator Riley: I would need some time to think about that. I should like to mention to Senator Asselin that this is a bilingual house and if you are unilingual, as I am, except for a little understanding of French, unless your translation equipment is working you do not get the full purport of some of the statements made by the Deputy Leader of the Government.

Senator Asselin: I accept your reasoning.

Senator Riley: I think we should give more thought to this motion, and particularly the points that were raised in respect of the deadline for a report by this new committee. If this committee is reconstituted, it should re-examine its agenda, take all the time it needs and, if there are witnesses who can add something to the report, those witnesses should be heard. When everyone has fully decided what should go into the report, we can then sit down and produce an intelligent report that reflects the recommendations and the wishes of the people of Canada.

Senator Haidasz: Honourable senators, following some of the remarks of Senator Riley and Senator McElman, I should like to ask the co-chairman of the special joint committee—

Senator Frith: There is no committee yet.

Senator Haidasz: Then, I should like to ask Senator Molgat a question. If, as intimated, the committee will no longer hear any witnesses but will conduct a study of possible draft reports to be completed by January 31, I should like to find out from Senator Molgat whether the committee will be proposing an elected Senate based on the one in Australia. I should also like to know whether members of the special joint committee have considered studying the Senate of Australia on the spot to find out how it is working and whether it would be workable in Canada.

Senator Molgat: Honourable senators, with leave, may I answer specifically the questions that were asked of me. At the outset, I should like to say that it sounds as though I am defending a position, and, quite frankly, I am not. Admittedly, I was the co-chairman, but not by choice. A vote was taken by the committee; I did not seek the job. I might also say that the committee is a creature of this chamber and all the committee does is follow the instructions of this chamber. Honourable senators set the date of December 1 in the first instance, and our job was to try to meet that date as conscientiously as we could. When it was obvious that that date could not be met, we asked for an extension, and at that time January 31 looked like an appropriate date, and the committee members concurred. I cannot disagree with Senator Tremblay that, if the committee does not meet next week, it is unlikely that that deadline can be met; but that will be up to the committee.

What the future committee will do will obviously be up to the committee. Senator McElman mentioned the possibility of travel. Once the new committee is reconstituted, I think it would be feasible for it to do some travelling on its own; on the other hand, it might, for example, be faced with the need to call a special witness in order to obtain further details on the subject; or it might decide to appoint a subcommittee to do some travelling in order to interview certain witnesses. These are only possibilities, however, and, based on what the previous committee had been doing, are not likely to occur; but rather than having to come back for another extension, I think it would be safer to have that leeway.

In response to the specific question of Senator Haidasz, on a number of occasions suggestions were made to the committee that it might consider investigating the Australian situation.

Hon. C. William Doody: That was suggested several times.

Senator Molgat: It was suggested again in this chamber recently that this should be done. Owing to time constraints, the committee could not consider it. So the committee agreed to forgo an in-depth, on the spot study of the Australian situation.

Senator Asselin: With leave, may I ask the acting leader, considering what has been said about this motion this afternoon, if he is ready to amend it in order to extend the work of this committee until April 1, 1984?

Senator Frith: I will speak to that when I close the debate.

• (1500)

Senator Riley: Honourable senators, Senator Asselin has proposed April 1—poisson d'avril—which may be apropos if they do not produce a report by that date. I think the question of an amendment should be left open because I do not agree

with Senator Molgat, the erstwhile joint chairman of the committee, that the committee is a creature of this house; the committee is a creature of both houses. Members of the House of Commons constituted the majority of the members of the defunct committee.

It was my understanding that the former committee had completed hearing evidence from witnesses. Do I take it now that there is a possibility that there will be variations in the agenda and that this new committee will be stuck with the progress made by the former, now defunct, committee? Can we expect that a new committee will be formed with a new agenda and a new list of witnesses to be heard?

I would point out to Senator Roblin that I did not gather my information on the Australian system by travelling there with a Senate committee; I gathered it from talking to Australians. I have shared some experiences with members of the upper house in Australia. They say that we have the better system.

If some travelling is to be done, it might be as well to invite some members of the Australian upper house, from the different parties of that house, to visit Canada and appear before our committee.

Senator Roblin: Honourable senators, I had refrained from entering this discussion because I felt that some of those who had spoken had expressed my own views on the matter. I can appreciate that the house leader is in a rather difficult position. I am not entirely sure whether I can help him, but I would like to try.

It appears that there is some considerable doubt in the Senate as to the advisability of proceeding with this motion at the present time, and that doubt is shared by both sides of the chamber. That is understandable because it is our Senate that they want to reform and, regardless of our views on this matter one way or another, I think senators are quite right in thinking that they should certainly have an equal voice, if not even a preponderant voice. Perhaps that is expecting too much, but, certainly, we should be heard. The implication of many of the remarks made today is that we will not be properly heard if we are restricted to the time period in the motion.

However, another chamber has to be considered. I understand, and I hope the Acting Leader of the Government will correct me if I am wrong, that the other place may be considering this very resolution this afternoon, and the considerations which appear important to us will not carry the same weight in the other body.

I should like to suggest, if it would be helpful to the Acting Leader of the Government, that this chamber might be agreeable to let the motion stand on the order paper at the present time in order to give him an opportunity to consult with the leadership of the other house to see whether any arrangement can be made whereby this matter can be solved in a way that will better suit the wishes of many honourable senators.

It is an unusual proposal. It is not covered by any rule that I know of. If we wish to be, we are the masters of our own fate. If it met with unanimous consent, we could let the matter stand and give the leader an opportunity to see if he can adjust this matter with his colleagues in the other place in a manner that meets with the wishes of this chamber.

[Senator Riley.]

Senator Asselin: With the wishes of his colleagues in caucus.

Senator Roblin: I would not like to interfere with the leader and his caucus. He has always shown himself able to negotiate with them. I would not presume that I could do any better.

I think he might consider my idea and, while it might mean that he will miss the eloquent speeches that Senators Bosa and Hébert will make on the Address in reply to the Speech from the Throne this afternoon, and perhaps a little of what I have to contribute, I am sure he can bear that with equanimity if the issue we have before us now could be settled in a more agreeable fashion.

Honourable senators, that is my contribution to the harmony of the Senate. I would ask my honourable friend whether there is anything in what I have said that could help him in his difficult task of reconciling this resolution with the obvious wishes of honourable senators.

Hon. Frederick W. Rowe: Honourable senators, before the acting leader responds to those several questions, I have one point to make and one question to ask.

I was not a member of the now defunct committee, but I did attend several of the sessions. I want to say that I was very impressed with the work of the committee and, in particular, with the leadership shown by our esteemed colleague, Senator Molgat. I think it would be a disaster to lose the benefits of all the work done during the past year or so. The quicker we re-constitute that committee—perhaps not with exactly the same membership—and get down to work, the better.

I agree with my colleagues, Senators McElman and Riley, that we should not set an arbitrary date, either directly or by implication.

The question I have to ask is not posed in any critical or derogatory sense. I have heard several suggestions, apparently made in good faith, that we should send a delegation to Australia to analyze their elected Senate and compare it with ours. It is my recollection that only a year or two ago a delegation of four or five senators went to Australia to carry out this very same task. My question is: What in Heaven's name did they do there? Australia is not next door. Presumably this delegation will spend two or three weeks there since they will have to travel half way around the world to get there. What did they do when they were there? I have never been told what they did, nor do I know what information they gathered.

● (1510)

Honourable senators, why should the idea be advanced—in all sincerity, apparently—that another committee should be sent out there at this time?

Hon. John M. Godfrey: Honourable senators, what concerns me about the suggestion that the motion not be passed today is this: we have heard from Senator Molgat that it will be impossible to meet the January 31 deadline unless the joint committee meets next week. This may create the impression,

with the public, that this body is not so keen that the joint committee get on with the job.

I would point out, honourable senators, that when we return in January, if it appears that that deadline is unrealistic, there is nothing wrong in seeking a further extension. By specifying January 31 as a deadline, we are not making any final decision. I believe we are suggesting, however, that that committee ought to meet next week to get on with the job. It should not be stalling; that is all.

Senator Frith: Honourable senators—

The Hon. the Speaker: Honourable senators, if the honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion.

Senator Frith: Honourable senators, I know that in the past—and probably in the future—people might have felt that, on behalf of the government, I am a steamroller. In this case, however, I feel more like a "steamrollee" than a "steamroller." I should like to explain that I did not choose the deadline of January 31. This motion originated when I asked Senator Molgat a month ago to tell me what he wanted me to do. At that time I told him that it was up to the committee to decide what it was going to request of the Senate. It was not easy for Senator Molgat to comply, because, as Senator Roblin has pointed out, this is a joint committee. All decisions must be agreed to by the members from the other place as well as the members from this place.

As honourable senators are aware, one of the usual characteristics of a special committee is that it is given a date on which to report. An extension of that date has been requested. Senator Molgat spoke with me before he came into the chamber today. I told him that, on behalf of the government in the Senate, I would undertake to lend a sympathetic ear to an extension beyond January 31, if it becomes apparent—and it looks as if it will—that such an extension is necessary.

Honourable senators, I would be happy to consider some other solution. I have no axe to grind, from any point of view—official or unofficial—on this matter. I suggest that the motion be passed as it is, bearing in mind my undertaking, on behalf of the government in the Senate, to lend a sympathetic ear to a request for any further extension. On the basis of what I heard today I will recommend that, if the committee wants an extension, it should be granted.

Honourable senators, I repeat that this is a joint committee. I presume that the motion will be passed in the other place with the same undertaking as to a further extension. Therein lies the advantage to passing this motion—it mentions a date which has already been negotiated. That being so, it seems to me that this motion solves a purely technical problem if I undertake, as I now do, to be extremely sympathetic to a request for a further extension, with the understanding that the further extension will have to be negotiated with our colleagues from the other place.

Senator Riley: Honourable senators, I have a question for the Deputy Leader of the Government. I believe it is permissible for me to put the question, if that is agreeable to honourable senators.

My question is very simple. I should like to ask the deputy leader, eyeball to eyeball, if he believes that the report of this committee can be tabled in this chamber by January 31.

Senator Frith: Is that the question?

Senator Riley: Yes, that is the question.

Senator Frith: No, I do not think so.

Senator Riley: Why, then, set a date for January 31?

Senator Frith: Honourable senators, I have explained why I think that date should be kept. I have explained why I thought that my conviction that it will not be met should result in our lending a sympathetic ear to a request for a further extension.

Motion agreed to, on division.

[*Translation*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

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

Hon. Peter Bosa, seconded by the Honourable Jacques Hébert, moved:

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

[*English*]

He said: Honourable senators, it is a privilege and an honour for me to move the motion for an Address in reply to the Speech from the Throne. Before proceeding with my remarks on the subject, however, I should like to say how sad I am that both the Leader of the Government and the Leader of the Opposition, Senator Olson and Senator Flynn, are absent. This chamber is not the same without them. Both are absent because of illness and I should like to extend to them my best wishes for a speedy recovery.

Hon. Senators: Hear, hear.

Senator Bosa: I also pray for the continued good health of our two acting leaders.

Honourable senators, we are on the threshold of a breakthrough in two of the most critical and crucial areas of concern that have dominated Canadian thinking for the past several

years: to secure peace and to secure prosperity. There are reasons for cautious optimism in the future. First, I should like to make a few remarks about the peace initiative undertaken by the Prime Minister, after which I shall address myself to the economic and social issues.

• (1520)

Canada has never had a major war or a major revolution on its soil. Yet, within our boundaries we have all the elements that cause other countries to go to war. We have pronounced ethnic and religious differences and major regional disparities. Yet we have always managed to resolve our differences peacefully and amicably through the art of compromise. The patriation of the Constitution and the adoption of the National Energy Program are two cases in point. Because of our ethnic make up and our two official languages we are psychologically prepared to play a credible role in the cause of world peace.

Indeed we have precedents in this area. We all recall Prime Minister Pearson's peace initiative during the Suez Canal dispute in 1954 which brought about peace and stability for a number of years in the Middle East. So it is in the Canadian tradition to continue to play this role for humanitarian as well as for economic reasons.

One third of Canada's wealth is derived from exports. We have a vital interest in promoting and maintaining international stability. It is with this background that our Prime Minister, consistent with his efforts of several decades, has embarked on a new peace initiative at this critical time of high international tensions.

Prime Minister Trudeau and his government have not only continued the Canadian policy of abjuring nuclear weapons, but have also launched a number of initiatives to encourage nuclear disarmament and thus help to prevent a nuclear holocaust. Although a member of NATO, which includes three of the five nuclear powers, and fully capable of producing nuclear weapons herself, Canada has nevertheless renounced the production of these weapons since their advent in 1945. Under the leadership of Mr. Trudeau, Canada has withdrawn from any nuclear role by her armed forces in Europe and is now completing the process of replacing the nuclear-capable aircraft assigned to the defence of North America with sophisticated but conventionally armed aircraft. Canada has thus become the first country to have chosen to divest itself of nuclear weapons.

In his speech of May 26, 1978 to the United Nations General Assembly Special Session on Disarmament, Prime Minister Trudeau identified the "technological impulse" that lies behind the development of strategic nuclear weapons as a dangerous and de-stabilizing factor in the nuclear arms race between the superpowers. Each new weapons system raises concerns about a first-strike capability, about verification, and about the erosion of the difference between nuclear and conventional warfare. To counter this threat, the Prime Minister proposed four concrete measures which, taken together, would curb the technological dynamic of the nuclear arms race and buy time for further negotiations leading to actual reductions in nuclear arsenals. These four measures involved the negotiation of agreements to impede further development of nuclear warheads by means of a comprehensive test ban; to complement the ban on the testing of warheads by stopping the flight testing of all new strategic delivery vehicles; to set a definite limit on the availability of nuclear weapons material by prohibiting all production of fissionable material for weapons purposes; and to limit and then progressively to reduce military spending on new strategic weapons systems. It was a tribute to the stature of the Prime Minister as an international statesman that his "strategy of suffocation" was substantially embodied in the Final Document and Programme of Action of the Special Session.

The events leading up to the Prime Minister's most recent initiative are well known. Relations between east and west, between the United States and the Soviet Union, have deteriorated to a dangerous degree under the impact of the Soviet invasion of Afghanistan and the needless shooting down of a South Korean civilian airliner which strayed over Soviet territory this past September. The Prime Minister publicly described the latter incident, which claimed 269 lives, as an illustration of the danger of hair-trigger reaction in the nuclear age.

Internationally and in Canada, public opinion is increasingly concerned about the build-up of nuclear missiles in Europe at a time of growing Soviet-American animosity. There was, and is, an inarticulate demand that someone do something to arrest the downward spiral towards a confrontation of the great powers.

After a period of study and consultation, the Prime Minister announced his forthcoming initiatives in a speech on October 27 to the Conference on Strategies for Peace and Security in the Nuclear Age. This speech expressed the conviction that:

> —just as war is too important to leave to the generals, so the relationship between the superpowers may have become too charged with animosity for East-West relations to be entrusted to them alone.

While the two-track response of NATO to the Soviet build-up of SS-20 missiles in Europe remained valid, he proposed a "third rail" of high-level political energy to speed the course of agreement. In his tour of West European capitals in early November, Prime Minister Trudeau began the process of attempting to organize the political will necessary to break the stalemate in east-west relations.

The Prime Minister's initiative has now received the firm support of the Commonwealth Heads of Government assembled in New Delhi. He has had the opportunity of discussing the details of his program with Chinese Premier Zhao Ziyang in Peking; the Soviets have displayed sufficient curiosity about his initiative to agree to see a Canadian emissary to discuss it; and, within the past day or so, President Reagan has indicated his willingness to meet with the Prime Minister in Washington around the middle of the month.

Prime Minister Trudeau has never underestimated the difficulties, differences and animosities which his initiative faces. He has not overestimated and does not overestimate its

chances of final success. But the validity of the attempt has already been proven. The Prime Minister's initiative has given ordinary people all over the world and on both sides of the Iron Curtain a glimmer of hope at a time when there seems to be a mood of growing hopelessness over the nuclear issue and the threat of nuclear holocaust. He has at least established a foundation for the injection of high-level political willpower into the process of rebuilding confidence and negotiating arms limitation agreements. He has encouraged, indeed partially forced, the great powers, however unwillingly or reluctantly, to consider a concrete proposal for a five-power summit conference and specific measures of nuclear arms limitation despite their mutual rivalries and animosities.

There is a consistency that runs through the actions of Prime Minister Trudeau over the past twenty years. The opposition to the acquisition by Canada of nuclear-capable weapons systems, the negotiation of a non-nuclear role for Canada within NATO and the adoption of non-nuclear-capable weapons systems, the emphasis on the importance of the North-South dialogue, as well as his current initiative, have all been consequences of his efforts to promote peace.

But the international situation is very fragile. Just as a stone can derail a train, an incident like the Korean airline tragedy, or a war similar to the Falkland Islands conflict, where countries are forced to choose sides, or the present confrontation in Lebanon, could trigger the "Sarajevo" of the Third World War.

Let us hope that the Prime Minister's efforts will bring the great powers to the table reasonably soon in order that they may commence a dialogue which would lead them to a meaningful disarmament.

The other area that has intensly preoccupied Canadians is the economy, both at home and abroad. Economic progress is a crucial contributor to peace and stability. Canada will continue to maintain its commitment to overseas development aid and will increase such aid in the years to come.

• (1530)

Canada, like most other countries, is just emerging from a particularly difficult period. For a variety of reasons, the world economy suffered a very severe recession in 1981. Canada suffered from that recession at least as much as, if not more than, most other industrialized nations because of its heavy reliance on foreign trade. However, our economy is now well on the way to recovery. Our medium-term prospects are at least as good as, if not better than, those of the majority of industrialized countries. While pessimists still abound, the projections of Canadian firms and international organizations that engage in forecasting are increasingly positive. It is expected that inflation will continue to decrease slightly, that economic growth will be renewed, and that unemployment will continue on its downward trend.

Since last December 353,000 new jobs have been created in the economy. Through the injection of close to $5 billion in stimulus, the April 1983 recovery budget set in motion hundreds of needed capital projects across Canada and helped make possible a return to much higher rates of private sector investment. But even with a strong recovery, the government believes that direct action to create jobs continues to be essential and young people are the priority. Therefore, a large portion of the government's job-creation expenditures will be devoted to unemployed youth, and these programs will be delivered more effectively. Using re-allocated and new resources, a $1 billion Youth Opportunity Fund will assist young Canadians in acquiring new skills and in finding jobs in the private, voluntary and public sectors. In particular, substantial resources from this fund will be allotted to a career access program which encourages the private sector to provide work and training for those entering the work force for the first time. To intensify the government's efforts for young Canadians, a minister of state for youth will be appointed.

The federal government's leadership with its six-and-five program, in conjunction with the Bank of Canada's cautious monetary policy, has succeeded in halving the 10 per cent inflation that was affecting us in 1979. In October 1983, the inflation rate, as measured by the percentage change in the consumer price index from the same month the year previous, was 4.9 per cent. This was the lowest increase in consumer prices since the 4.7 per cent increase observed in August 1972. The inflation rate of food prices, which had reached 18 per cent annually in early 1979, is now in the order of 4 per cent. The prices of goods and services in general, which were increasing by 14 per cent in 1981, are now stabilized at an inflation rate of 5.2 per cent as of October 1983. Thus, one of the most positive developments in the Canadian economy in 1983 has been the success in the battle against inflation.

Another positive development in 1983 has been the lower interest rates that have prevailed on the Canadian capital markets. While a large number of people would have preferred that the government establish artifically low domestic interest rates, these people forget that the Canadian capital markets are closely linked to the international markets, especially the American capital market. Artificially low interest rates would have resulted in capital outflows from the Canadian economy and would have discouraged capital inflows into Canada. On the one hand, this would have jeopardized the current economic recovery and, on the other hand, it would have lowered the value of the Canadian dollar, which would have increased the costs of our imports and contributed to a refuelling of inflation. High inflation results in even higher interests rates, since money-lending institutions want to assure themselves of an adequate return over and above the rate of inflation on the money they lend. Therefore, the way to obtain consistently low rates of interest is to first lower inflation rates. The success obtained in the battle against inflation has thus enabled the monetary authorities to reduce interest rates to half their level of two years ago, to approximately the same level as those prevailing in the United States.

In the third quarter of 1983, the Canadian economy continued its path to recovery. The gross domestic product in constant 1971 dollars increased by 1.8 per cent, to $119.4 billion from $117.2 billion, in the second quarter. Since the

trough of the recession in December 1982, the output of the Canadian economy, as measured by the gross domestic product, has increased by nearly $6.3 billion, or 5.6 per cent. The 5.6 per cent growth obtained since the beginning of 1983 compares very favourably with the 2.3 per cent real growth forecast for 1983 in the federal government's April 1983 budget. If anything, this shows that the recovery is proceeding at a much faster rate than expected. This higher-than-anticipated growth has resulted in a substantial improvement in the employment situation. The major source of growth in output has been the Canadian economy's industrial production sector. In the third quarter this sector's output jumped by 4.4 per cent. This followed two substantial increases in the first two quarters of 1983. The gains in industrial output obtained since the beginning of 1983 brought the industrial production of the Canadian economy to 15.1 per cent over the low point set at the depth of the recession in December 1982. Canada's trade commissioners have embarked on an aggressive campaign to promote exports in traditional and non-traditional areas of the world. In pursuit of this objective, the Prime Minister visited a number of countries last summer in the Pacific Rim where our opportunities for increased trade are very promising.

In addition to Japan, whose economic power is well established, there is an increasing number of Asian states—such as Hong Kong, South Korea, Taiwan and Singapore—rapidly joining the ranks of industrialized countries. In addition, there are the Asian countries that, although currently in the less developed category, seem headed for rapid growth in the 1980s. The economic growth that is expected to take place in this area of the world in the coming years could lead to increased export oportunities for Canada. An example of such gains is the high growth of the Japanese economy during the 1960s and 1970s, which led our exports to that country to increase from $178 million in 1960 to $4.5 billion in 1982. Similarly, our exports to South Korea during the same period increased from $4 million to $490 million. Average growth rates of 6 to 10 per cent consistently characterized the economic performance of most of these Pacific countries during the 1970s. While the projected growth rate of these countries is expected to be somewhat lower in the 1980s, it is still expected to remain in the 5 to 8 per cent range.

While a major portion of our exports to these countries will be industrial raw materials, energy-producing commodities and foodstuffs, these countries have shown an increasing propensity to import fully manufactured Canadian products. An example of this is the purchases by South Korea of a Candu reactor and a very big telecommunications package from Northern Telecom. This propensity can reasonably be expected to be maintained as long as these countries remain in their economic take-off phases. It is interesting to note in this regard that our exports to Asia increased by nearly 9 per cent in 1982, notwithstanding the world recession.

The Canadian government has taken a number of steps to give greater impetus to some existing economic programs and initiatives. Just to mention a few, more funds will be made available for the Natural Sciences and Engineering Research Council, for stabilizing employment in the automobile manufacturing industry, for promoting the tourist industry, for forestry research and development, and for the farming and fishing industries.

In every serious situation the eternal optimists contend that there is always a silver lining. In its early stages, the recession, in combination with high rates of inflation, caused our sense of community to deteriorate. Each major group in society sought to blame economic decline on someone else. However, later on Canadians recognized that to avert the downward spiral they needed to turn away from past divisions and work together in order to restore growth and prosperity. This new co-operative spirit has already produced tangible results, but more needs to be done.

• (1540)

The Minister of Finance has already begun a new round of economic consultation with provincial governments and other economic partners. A new industrial and regional development board, chaired jointly by representatives of labour and business, will be formed in order to provide practical advice on how best to implement the government's industrial policy.

Labour has been, and should continue to be, a full partner in the process of economic recovery. Workers deserve a fair share of the recovery benefits and an equal voice in the resolution of issues having to do with technological change and productivity improvements. A system of awards will be inaugurated to recognize the contribution of companies, labour organizations and individuals to Canadian productivity and competitiveness. We are seeing the dawning of a new era in labour, management and government relations.

The strength of a democracy is measured by the way it treats its minorities. I do not mean just ethnic minorities: I mean the economically destitute and the handicapped.

The government intends to introduce legislation which will increase the guaranteed income supplement for single pensioners, providing additional assistance to more than 700,000 Canadians. The entire area of pensions at retirement is under review. The government is committed to improving the adequacy and fairness of our retirement income system. It is also committed to maintaining the equitable system for payment of medical care and hospital costs built up over the past two decades. This system must not be eroded and eventually destroyed through extra charges to the sick. A new Canada Health Act will be introduced in order to clarify the objectives of the Canadian health insurance system.

There will be various amendments made to the Criminal Code allowing for stiffer penalties for drunk drivers in order to keep them off the roads.

A new provision will be introduced which will give statutory recognition to the government's policy on multiculturalism. Thus, the government completes a commitment to Canada's multicultural society which began in the summer of 1963 with the appointment of the Royal Commission on Bilingualism and Biculturalism. Our esteemed Deputy Leader of the Govern-

ment was a member of that commission. The B&B commission, as it became known, had a specific mandate to inquire into, and to report upon, the existing state of bilingualism and biculturalism in Canada and to recommend steps to be taken to develop the Canadian Confederation on the basis of an equal partnership between the two founding races. This mandate took into account the contribution made by other ethnic groups to the cultural enrichment of Canada and measures that should be taken in order to safeguard that contribution.

The fourth report of the B&B commission, which was tabled in the house in 1968, contained recommendations relating to minority groups. These recommendations led Mr. Trudeau, in 1971, to announce the policy of multiculturalism. In 1972 he appointed a Minister of State for Multiculturalism. We are very fortunate to have in this chamber today the then Minister of State for Multiculturalism. I am speaking of Senator Haidasz. In 1973 the Canadian Consultative Council on Multiculturalism was established with about 100 members who represented our ethnic and regional diversities and who advised the minister responsible with respect to what programs should be implemented in order to make multiculturalism a reality in Canada.

Hon. Royce Frith (Acting Leader of the Government): Senator Bosa was the distinguished chairman of that council.

Senator Bosa: That is correct, I was chairman for three years, terminating in 1979. I do not know how distinguished a chairman I was, but I was its chairman.

The council made many recommendations, one of which was with respect to the cultural enrichment program. Many of the recommendations of the council have been implemented, including the insertion of section 27 in the Charter of Rights which allows constitutional status to multiculturalism.

Finally, while this completes the legislative part, we must ensure that the spirit of the policy is implemented. The policy of multiculturalism provides Canadians with cultural equality regardless of ethnic background. It is a policy which gives all Canadians a sense of belonging. It is the common denominator for all Canadians. It promotes national unity and instils in all Canadians a deeper feeling of Canadianism.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, yesterday in this House we heard a Throne Speech in which reference was made to the serious problems facing this country and to the new initiatives the Government intends to take over the next few months to help Canada definitely out of the recession it has suffered in recent years.

Senator Bosa, whom I commend wholeheartedly, has made some very pertinent comments on all the important aspects of the Throne Speech. As far as I am concerned, I will simply comment briefly on those initiatives which I have especially at heart.

When I first came here, almost eight months ago, an honourable senator, who unfortunately has retired since, was good enough to give me advice, including this: Be in no hurry to make your maiden speech, it would not be appreciated. And, above all, when you do make it, avoid Latin quotations. So I waited, but I never thought that when the time came, I would be given a mere 24 hours to prepare that maiden speech. I give you my word I will indulge in no Latin quotations, but I will find it hard to avoid shifting from one subject to another, for which I apologize.

Further, I have no parliamentary experience, as you know. Having never been in politics, I have never had the privilege of being a member of Parliament, a minister or even a provincial premier, as is the case with a great many honourable senators who are here today. So I have much to learn before I become familiar with the procedures, rules and practices of debate. I thank all honourable senators from both sides of the House who have so generously helped me out with such kindness and unlimited patience. Let them be reassured, I am bound to learn ultimately.

One month before being appointed, the idea of some day becoming a senator had never crossed my mind. The least I can say is this was not in my career planning. And, why try to hide it from you? I have never fought very strongly against the popular prejudices that do exist against the Senate.

However, these last few months I have had an opportunity to appreciate the great competence of most of my colleagues, the considerable amount of time spent by some of them on Senate business and especially on committee work. A number of my preconceived ideas have melted as snow under the sun.

For example, I have had time to fully appreciate our Speaker's generous availability and very great patience, to admire the work done by the Government Leader, to whom I extend my best wishes for a prompt recovery, and also by his assistant, and by the Leader of the Opposition, the Honourable Senator Flynn, who hopefully will come back in the best of form early in the New Year.

I must admit that I am beginning to miss his sense of humour and his boisterous laughter that has so often resounded in this dignified chamber.

Finally, I have been very much impressed by the very well prepared contributions which are the hallmark of the Acting Leader of the Opposition, Honourable Senator Roblin.

• (1550)

[*English*]

Whenever possible, I have attended meetings of the Joint Committee on Senate Reform—the dead committee!—and I have heard just about every criticism it is possible to level at the upper house. The astonishing thing, to me, is that only a tiny portion of the people who appeared before the committee recommended the abolition of the Senate. At the other end of the spectrum, I was equally astonished by how few people wanted to keep the status quo—a little Latin creeping in there!

Senate reform has been discussed since the day the Senate was created, but for the first time one can sense a real willingness on the part of both the government and the official opposition to carry through on a serious proposal for in-depth reform. The recommendations of the new committee will be

made public some day; when those recommendations are made public, it will be evident that at least some of them will necessitate amending the Constitution. That will undoubtedly entail laborious discussions with the provinces to obtain the consent of at least seven of them, along with the approbation of at least 50 per cent of the population. That may take quite some time.

[*Translation*]

This is why, honourable senators, I hope that the Senate will set up immediately a special committee responsible for the immediate implementation of the numerous reforms which the Senate can undertake without any constitutional amendment.

That would be a resounding affirmation of its commitment to reform and, perhaps also a way to restore the credibility it allegedly lost a long time ago.

Now, those internal reforms on which we could agree easily, I would hope, are so numerous and would have such consequences that we could wait for other changes in all equanimity. "I am worth what I want", wrote Valéry.

Along with Canadians of all ages, I am quite pleased that a Ministry of State for Youth will be set up. Hardly a year before the International Year of Youth, this concrete gesture will be an encouragement to our young Canadians, a great number of whom are unfortunately unemployed and even sometimes on the verge of despair.

At sixty, one sometimes dreams of being 20. Personally, I would not like at all to be twenty in 1983 and belong to a generation which seems to have been forsaken by all.

To be 20 years old today is to begin life with the ever present anguish of a nuclear conflict which would jeopardize the future of mankind itself.

To be 20 years old is to be the helpless witness of the wasting of natural resources, the destruction of the environment, the population boom in Third World countries where already a third of the people are literally starving to death.

To be 20 years old is to be constantly confronted with violence which erupts almost every day in some corner of the world, Lebanon, El Savador, Grenada, Poland, Afghanistan, Northern Ireland.

However, if I were 20 years old today, all the calamities elsewhere in the world would not prevent me, like a great number of Canadians, from complaining about the so-called disastrous situation in Canada. Without any sense of shame, I would no doubt forget that our country is one of the wealthiest in the world. Not the wealthiest but one of the most flourishing among some 160 member countries of the United Nations. Canada is endowed with an abundance of natural resources, almost unlimited space, advanced technology and highly qualified manpower.

[*English*]

Instead of asking ourselves whether we have a right to all these advantages, we grumble; we grumble about our government at all levels; we grumble about our salaries—which are among the highest in the world; we grumble about the rate of inflation here—which is one of the lowest in the world. We complain about the recession—from which we are beginning to recover, although not without some difficulty. In Canada, the recession has meant that we have had to consume a little less, have a little less fun, and, in some cases, do with a little less. It is true that we have a seriously high number of unemployed, but at least we have unemployment insurance, welfare benefits and health insurance—advantages unheard of in most countries of the world.

In poorer countries, a recession causes many hundreds of thousands of men, women and children to die of hunger or of easily-cured diseases. There is, undeniably, a certain difference between our problems and theirs.

[*Translation*]

This being said, if I were 20 years old today, I would have to admit that this great country of ours, while rich and well developed, fails to provide employment to more than a million Canadians, half of them young people.

I do not pretend that unemployment is the sole cause for anxiety among today's youth; there are many other causes, as we have just seen. However, while it is a tragedy for any individual to be unable to find a job when one wants to work, it is a much more serious problem for a young person, who feels rejected, useless, unneeded, and this at the very time he or she tries to become integrated into society.

In these circumstances, it should not come as a surprise to us if, out of sheer frustration, a number of young people turn to delinquency or stupefying addiction to alcohol and drugs.

The new initiatives announced in the Throne Speech are cause for great hopes. We are delighted to hear the government announce that "a larger portion of the Government's job creation expenditures will be devoted to unemployed youth. Using re-allocated and new resources, a $1 billion Youth Opportunity Fund will assist young Canadians in acquiring new skills and in finding jobs in the private, voluntary and public sectors".

[*English*]

I was very glad to see that the volunteer sector was given special mention. It is hard to see how even the total combined efforts of the federal and provincial governments together with the private sector could, in the short term, find jobs for the approximately 650,000 unemployed Canadians aged 15 to 24. Older or experienced workers are the first to be hired, while these young Canadians, either lacking experience or being qualified in areas no longer in demand, are the last to be hired. That is why it seems to me so important that the government enable young people who are interested—and there are thousands of them—to serve their community through non-governmental agencies that can use young volunteers. I am, perhaps, not in the best position to point to organizations such as Katamavik and Canada World Youth as examples, but there are others, and new ones will probably be set up to respond to the new realities.

[*Translation*]

Voluntarism is primarily a new school for our youth of the '80s, an initiation to the forthcoming society and a notion which young Canadians support more or less consciously: a more humane society which practises consumerism with moderation, where the economic growth takes the capacity of the environment into account and where technologies have less adverse impact on the ecology, where people are more aware of the need for moderation in their eating and drinking habits. On a planet which has become a global village, every human being would be his or her neighbour's keeper—all citizens, young and old, would get involved in the development of their country and the rest of the world.

We can never repeat too often that it is not in school that young people get their ideas about politics and society. They develop them from human, strong, concrete experiences, in a surrounding which is open, real, and where they can share responsibilities with other young people, in co-operation with grown-ups. That is why it is necessary that young people be presented with projects which are fine and noble and which call upon their generosity and enthusiasm, and to suggest effective means for them to become useful and complete citizens.

• (1600)

[*English*]

When we speak of youth, we are speaking of Canada's future, naturally. This is so vitally important that I would like to go on talking about it for a long time, at the risk of having to skimp on the other elements in the Speech from the Throne that captured my attention, but do not worry. Instead, I am going to succumb to another temptation: I am going to propose to you, honourable senators, that a special committee be established to study the problems facing young people and the solutions that could be adopted.

Canadians still remember the remarkable report *Child at Risk* that was published by the Standing Senate Committee on Health, Welfare and Science in 1980. The United Nations has declared 1985 to be "International Youth Year". Wouldn't the creation of a Senate committee on youth be a major contribution by Canada to this international event? Wouldn't the work of such a committee be invaluable to the new Minister of State for Youth?

[*Translation*]

Unfortunately, I have very little time to express my agreement with other parts of the Throne Speech. I would have liked to explain why I feel it is necessary to "preserve medicare, increase pensions for the elderly, improve public safety, extend native rights and further protect the freedom of individuals."

After sitting for two years as co-chairman on the Federal Cultural Policy Review Committee, and after reading nearly 1,500 briefs on the subject and discussing 500 of those briefs at public hearings in seventeen cities across Canada, I am delighted with the Government's decision to "reinforce Canada's identity through enhanced recognition of our cultural heritage and increased support for our creative artists by new broadcasting, telecommunications and copyright policies."

On second thought, however, I wonder whether the fundamental principle in the Throne Speech was not the government's clearly expressed intention to continue to play an active role in seeking world peace. It is true that a nuclear holocaust would make any other measures, projects and collective or individual plans entirely futile. The Government is therefore absolutely right to "devote its full resources to exploration of every possible means to restore confidence and trust to the international scene", as it is to continue to "advance proposals to slow the steady spiral of the arms race, hold the spread of nuclear weapons and create the conditions for greater security at lower levels of armament."

Further on, where it says in the Throne Speech that improving the climate among nations requires knowledge, creativity and the determination to find solutions, I am inevitably led to ponder the role the Senate might play in this activity. Considering the very substantial competence of many of our honourable senators and their considerable experience in wide-ranging areas of interest, including international affairs, I think a special committee or a subcommittee of the Committee on Foreign Affairs that would devote its efforts to exploring "every possible means" to restore confidence among the peoples of this earth, could, in fact, play a historical part and be assured of the gratitude of future generations, if there are to be any!

In concluding, I would like to express my pleasure at hearing the Government give the assurance that it "will maintain its commitment to overseas development aid". Thus, "Canada will achieve aid goals of 0.5 per cent of the Gross National Product by 1985, and 0.7 per cent of the GNP by the end of this decade". Unfortunately, we are still far from the objective proposed to industrialized countries by the Pearson Report fourteen years ago! At least we are on the right track.

Furthermore, I feel that Canada should play a major role in establishing a much needed North-South dialogue. It could act as a catalyst and become the conscience of the rich countries.

[*English*]

The only real question to be asked is the following: Does Canada deserve to play such a great role as one which could, by contagion, change the face of the world? Surely not. But history has its foibles and, through no merit of our own, has been kind to us. With just a touch of madness, we might think we were fore-ordained.

First of all, unlike most Western countries, we have no colonial past with which to reproach ourselves, and no ambitions toward power or conquest. We could make the bomb, but we do not do it; we are more the victims of the multinationals than their accomplices; and we have old democratic traditions and respect for human rights. We are not particularly racist—not yet. As Canadians of diverse ethnic origins, we get along reasonably well together, and, without being as open-armed as we might be, we have accepted a goodly number of immigrants

and refugees, and our financial contribution to international development, while insufficient, is still above zero.

For all these reasons Canada is beyond a doubt one of the most respected countries in the world at the present time. People who have travelled know how much we are liked, even though we have done nothing special to deserve so much affection, admiration and confidence. The poorer countries love us, the rich countries love us. It is crazy. Why do we hesitate even one moment to "use" these good feelings people have about us in order to put ourselves resolutely in the service of the whole human community and, perhaps, justify our mainly unearned reputation?

In today's circumstances, the simple fact of being a country without a history constitutes a powerful advantage; it gives us perhaps the right, if not the duty, to involve ourselves to the hilt in contemporary history by playing a major role in it and emerging once and for all from our insignificance. As Paolo Freire said, "It's a question of little by little taking history into our own hands, so that we can make it, not suffer it."

[*Translation*]

Of course, the Speech from the Throne we heard yesterday in this house cannot meet the expectations of all Canadians. And yet, for a great many of them, it is a message of hope, proof that, in these difficult times, the government of our country has compassion for the most underprivileged Canadians, that it wants to help effectively those who can alter the course of events, and that in spite of everything it does not forget our brothers and sisters in the Third World who are infinitely more underprivileged than the most underprivileged among us.

That is why I am pleased, as a Quebec senator representing the very beautiful senatorial district of Wellington, to second the motion for an Address in reply to the Speech from the Throne moved by my colleague Senator Bosa.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I was sorry to learn yesterday that the Leader of the Government, my friend Senator Olson, has been hospitalized and will undergo surgery soon. On behalf of all members of this party, I extend to Senator Olson our best and most sincere wishes for full and prompt recovery.

To Senator Bosa I offer my warmest congratulations. Senator Bosa, like his ancestor Cicero, has a gift for making convincing pleas, particularly about peace. Because of my ancestor Cesare Alberti of Venice, good Italian blood is flowing in my veins, more rapidly in all likelihood, proud as I was to hear the senator. I must congratulate Senator Bosa on all his achievements since he made Canada his adoptive country.

To Senator Jacques Hébert I would say that we had been anxiously waiting for his first speech in the Senate. We had heard that he was a very thoughtful and competent man, and that he would make a most valuable contribution to the proceedings of the Senate. What we had heard was true. We have noted that the Speech from the Throne contains one of the ideas originally expressed by Senator Hébert; it has become the policy of the government and we will soon have a

[Senator Hébert.]

Minister of State for Youth. In the past and today still, the senator has done and is doing excellent work for young Canadians.

Senator Frith, in his new responsibilities as interim Leader, will have to respond later to what I said concerning the Throne Speech. I have no doubt he will discharge that duty very well. I have the sad conviction he will have no great difficulty refuting what I will have said concerning the merits, the depth and the credibility of the Throne Speech. By that I mean refuting my views to his group's satisfaction.

Although I have not had the pleasure of hearing the throne speech as delivered by the Governor General, you may rest assured I have since read it carefully. I took notes, I checked certain statements and I made some comparisons. I am therefore in a position to share with the House my views on that interesting document.

But before doing so, I must say that although I am proud to accept that responsibility, I would have preferred having Senator Flynn here in good health and able to do this himself. I am happy to state that Senator Flynn is very well on his way to recovery, he feels much better and, according to his physicians, he has reason to hope he can probably be here by February next.

• (1610)

[*English*]

The debate on the Speech from the Throne in the Senate takes place in a context different from that in the House of Commons. Our vote, if we vote at all, will not determine the fate of any government. Therefore, by that fact alone, this is somewhat less of a parliamentary occasion than that which takes place in the other house. Nonetheless, it presents a most welcome opportunity to reflect on public affairs in Canada and to offer some observations on the way in which we are to go.

The Throne Speech, like the prorogation speech which preceded it by a mere seven days, is a wide-ranging document and it is as full of promises as a pudding is full of plums. However, I confess that there are many passages in that document which had a familiar ring; it was almost as though I had heard some of them before. There were not only echoes of the prorogation speech of seven days ago, but also faint reverberations that come down to me from the Throne Speech of 1980 itself. It seems to me that this Throne Speech can best be understood in the context of its relationship to the Throne Speech of 1980 and, particularly, to the prorogation speech that we heard a short while ago. It is perhaps part two of an exercise by which the government puts its best foot forward, and who can blame them for that because they are in need of a best foot these days. I have to issue a caution that as I read the prorogation speech and as I read this Speech from the Throne, both of them are highly selective documents. But when they are read together, they can be read with profit, not only for what they contain, but for what they fail to contain. They provide for those who wish to learn a profile of this administration which is now proceeding to its final days.

I want to start, and I think it is appropriate that I should, on a constructive note because there are always things in any government program which many people find attractive and agreeable. The first theme that is expressed in the Throne Speech deserves our widespread support, that is, the theme that expresses the desire for peace—the peace initiative—and the several proposals which are put forward in this speech as to how we may carry our progress toward that goal more effectively in the time to come. This carries the hope of mankind. I could not have expressed as eloquently and as impressively as Senator Hébert did the reasons why we Canadians have a special responsibility to take this part of our duty to ourselves and to the world seriously, indeed.

Parliamentarians may regret that for reasons which entirely escape me, it was decided to announce the new initiatives of the government at a political fund-raising dinner when it would have been more appropriate, I think, to have expressed them first in Parliament and to have endeavoured to secure the wide parliamentary support which I think they deserve. But let us put that to one side. The object is peace, and we stand for peace. It is a noble pursuit and we must hope that the outcome will be productive.

When you come to the second theme that the government has encompassed in the Throne Speech, the one dealing with the question of economic growth, then I am afraid that I cannot be quite as complimentary as I have been thus far. If it is subjected to any sort of critical examination at all, then I think serious issues of credibility arise. Can we believe what we hear? Can we trust what we read? We recognize these familiar noises which I spoke of previously. We have heard a great deal of this before and the task of the opposition and, indeed, the people of Canada, in reading this Throne Speech, is to separate the appearance from the reality. That seems to me a task to which this house could well devote itself.

Of course, promises in Throne Speeches are expected. Promises and Throne Speeches go together, particularly when they are preceding a general election. There is something in it for everybody and, therefore, I suppose everybody should be happy. But there are certain tests that should be applied to a document like this—the tests of credibility and performance. Here is where we return to the prorogation speech, because that speech outlined the record of performance of this government as they would like it to appear. I think it presents a sharp contrast not only when compared with the throne speech of 1980 but with the Throne Speech of 1983. In fact, as you analyze these two documents placed before the house in the past week, the prorogation speech and the Throne Speech, I think they pretty well give the government's hand away.

In its prorogation speech, the government had something to say about the economy that is perhaps worth reading to you now. Under the subheading "Meeting the Challenges of World Recession" the following appears in the prorogation speech:

> The Canadian response to these troubled times has been, not to retrench, but to meet these greater challenges through a more effective mobilization of our resources. The Government took steps to protect Canadians as much as possible from the ravages of international recession, and to battle domestic inflation.

Pretty good stuff.

• (1620)

They come along again in the Throne Speech and deal with the same topic to encourage economic growth so that more Canadians can own a home, learn a trade, expand a business, participate in the ownership of our resources; and gain a fair share of the abundant benefits that this country can provide. I think any politician could have written that with a clear conscience. But whether or not people will agree with the sentiments as expressed when compared with what happens is something else again. The same kinds of sentiment were expressed in the Throne Speech of 1980.

In the Prorogation Speech of 1983, all mention of the sad times we have experienced since this government came to power was tactfully omitted. Listening to the Prorogation Speech and listening to the Throne Speech, no one would believe that this administration has presided over an economic débacle without equal in the history of this country in the last 40 years—since World War II. No one would believe that Canada suffered the greatest decline in gross national product of any of the seven western industrialized nations during the 1981-82 recession and that Canada's decline was more than twice as bad as that of Italy, the next worst. Those figures may be extracted from the economic review of the Department of Finance issued in April 1983.

When you reproach them for their economic policy, the standard defence of the government is to blame someone else, either Europe or the United States—and mostly the United States. Yet, what do the figures tell us? A much different story. Our inflation today is 4.9 per cent. That is a tremendous improvement over what it was, so let us be grateful for it, but it is double the inflation in the United States which competes with us for our domestic market and in whose market our exporters have to compete. Unemployment has been higher and is still higher in Canada, percentage-wise, than it is in the United States. Since 1980, Canadian job totals increased by 1.5 per cent; over the same period in the United States they increased by 3.5 per cent—again more than double. In terms of productivity, in 1982 Canada was the worst of the seven major industrial countries and worse than any of the 11 countries of the European Economic Community. In other aspects of economic measurement which are important, such as our manufacturing capacity, we cannot keep up to the United States.

In all these issues we can admit that Canada is greatly affected by what goes on in the rest of the world. Let us not try to minimize that, because it is true, but how can we explain why we do so much worse and particularly worse than our neighbour, our principal economic partner, the United States? We must be doing something wrong ourselves; we cannot attribute it to the economic troubles of the great wide world.

I want to underline that the Canadian government is part of the problem; and the people of Canada know it. Last summer the Conference Board of Canada conducted a survey. It asked 1,000 Canadian businesses the following question: Which, if any, of the following do you expect to have an adverse effect on your production six months from now? The main factor, as indicated by the survey, was the weak market demand, which is exactly what one would expect. However, the second biggest factor, cited by 36 per cent of the respondents, was government policy. In the business community of this nation, the government is seen not as the solver of the problems, but as part of the problem.

Canadian economic policy, no matter how you have examined it in the past, does not represent a very hopeful forecast of what we may expect in the future. There is little credibility in the economic and fiscal policies this government has been following. They have not been wise policies. They have not minimized the effect of the international depression on us. They have exacerbated the difficulties in which this country finds itself. They are not hopeful for the future, and, insofar as the Throne Speech says anything about this—which is of other than a patchwork or makeshift character—they have no real appeal as being helpful in solving the problems with which we find ourselves faced.

That is certainly a sad situation because while Canada should occupy a very competitive position in the international trading world, we are, in fact, very weak in the international trading world. We do not see in this Throne Speech those long-term policies that are required if we are to haul ourselves out of the slough of despond in which we find ourselves.

What about financial management? What about the way in which the government runs itself? The government has awarded itself very good marks for financial management. If you read the Prorogation Speech, you will see what they think about themselves; it is rather flattering. They think that they have been doing a pretty good job. The Prorogation Speech states:

> Improved management practices were implemented generating 122 million dollars in recurring annual savings; opportunities for realizing further annual savings of 139 million dollars have also been identified. Many of the recommendations of the Lambert Commission on Financial Management and Accountability were adopted.

Here is the punch line—

> As a result of these efforts, the Government's "real", or inflation-adjusted, non-defence operating and capital expenditures are at the same level now that they were six years ago.

Interesting; it implies that the government's financial record is good and that the fiscal affairs of this country are in good order. From reading this government report on its stewardship since the last general election, one would not think that, in fact, the managers of the government finances have worked themselves into a fiscal bind of almost iron limitations when they seek to devise new policies that might help the country. They have no elbow room; nowhere to go. We can see from this Throne Speech just how limited they find themselves because of that bad management.

Why is this the case? Because of the things they did not mention. What became of the deficit? What became of the debt? What became of the interest charges that the government has to carry? Not even an honourable mention in either the Prorogation Speech or in the Throne Speech. I call that something less than realistic and something less than candid in view of the situation in which we find ourselves. The government gives itself a good mark for financial management by leaving out the things that count.

One tax dollar out of every three goes to pay interest. That was not mentioned in either of these statements. The biggest growth factor in our public finance is interest on the public debt, and it did not even receive a cursory acknowledgement in either of these statements.

The deficit in 1983-84 is 8.9 per cent of the GNP. That is so horrendous that, by comparison, it makes the Americans look as if they are splendid financial managers.

Since 1980, when this Parliament began, the net debt has more than doubled from $69 billion in 1980 to $151 billion in March 1983. Yet, these vital measurements of financial probity and good management are ignored in both the Prorogation Speech and in the Throne Speech.

In 1980 the Throne Speech committed the government to continuing the policies of expenditure restraint. Just how much weight did they place in this undertaking? Federal spending has risen from $62.8 billion in 1980-81 to $100.1 billion in 1983-84. That's the policy of expenditure restraint for you. I shudder to think what it would be like if they decided to cut loose; the results would be inconceivable.

The 1980 Throne Speech committed the government to reduce the deficit in a planned and orderly manner. The fact is the deficit rose from $12.6 billion in 1980-81 to $31.3 billion in 1983-84.

Hon. Lowell Murray: And no end in sight.

• (1630)

Senator Roblin: "And no end in sight," my friend says, and he is absolutely right.

What are we to make of that? What are we to make of a claim of good government or a claim that its financial house is in order? Honourable senators, this is what was said in the Throne Speech: that the government will continue with stimulating job creation.

> While stimulating job creation, the Government will hold to a fiscal policy track which will contain and then curb the federal deficit as recovery strengthens.

I think one could place about the same amount of credence in that pious hope as one could in the statement that was made in 1980, which has been so sadly belied by the facts disclosed by the government itself. Are these people good economic managers, entitled to go once more to the electorate for an expression of confidence? I think not. When it comes to

management of the economy, the mark is failure. When it comes to the management of government internal finance, the mark is failure.

Honourable senators, let us look at one or two other things that are of some importance in this issue. Let us look at the question of the youth—the young unemployed people of this country, about which Senator Hébert made some interesting and constructive remarks. I must say that the government statement about youth is one of those passages which, somehow or other, we seem to have heard before. In the Prorogation Speech, dealing with the record of the government since the last speech in 1980, this was said:

> Young people have also been a particular focus for Government action, which dealt with the primary concerns of youth employment and academic prospects.

Well, that is nice to know. I am glad I was told, because if I looked around this country today I would find it difficult to see the evidence of this concern that would meet my idea of what an appropriate policy response ought to be.

In the Throne Speech there is more of the same. We are told in the Throne Speech, for example, that there is going to be $1 billion expended in special efforts to help the young people of this country. When that sum is broken down a little and subjected to some analysis, however, it does not look quite as good as it sounds. Of that $1 billion, $690 million—nearly 70 per cent—is going to be recycled money—that is, money taken from something else. What else we do not know, there is no indication of that, but certainly somebody is going to get it in the neck if they are going to lose nearly $700 million to put into this program. Fifty million dollars is to come from the unemployment insurance fund—a fund which already stands at a deficit of $4.2 billion, if you please. Another $50 million will be added to that deficit, because it seems that that kind of figure does not bother the government. We know that unemployment insurance has heretofore been paid mainly by wage tax and by employers' contributions; that it is one of the most regressive forms of taxation that we have; that it adds to the cost of living; that it is one of these administrative prices the government says it is going to control, yet it is going to raid that fund for $50 million.

Let us give the government credit for this: there is another $260 million in new money that will go into these programs. The figures that I am about to quote to honourable senators were released yesterday, I believe, by the Minister of Finance. Youth unemployment for both sexes at November last was at a rate of 18.8 per cent. For young men from ages 15 to 25, there was an unemployment rate of 21.3 per cent—one in five was unemployed. Have they ever been hired? I think not. There are 400,000 young Canadians who are jobless today.

Honourable senators, $1 billion may sound good, even as a gross figure, but I think that it sounded just as good the last time we heard it. It sounded just as good when the honourable minister, Mr. Axworthy, in April of 1983 proposed the $1 billion plan during his tenure in that office. I suspect that the only thing that has changed between then and now is the minister. We have a new one and he has to have his own $1 billion program, even if there is very little change in the policy that the government has enunciated.

Honourable senators, on the basis of the record of the administration in its first session of Parliament, one is not really encouraged to think that there is much good to come of this. We have to hope that there will be. We have to hope that some of these measures, at least, will be effected. We have to hope that the government really is seized of the seriousness of the matter and that some good will come of these things. I do not decry them because I want to score a point; I decry them because I think they are inadequate. If we are to have the conservation corps and the parks and the voluntary sector increased through government action in order to employ people, that has to be a good thing and the more the merrier. I hope that it goes ahead full steam. But one thing is certain: these measures are short-term. Another thing is certain: they are not permanent jobs. And there is one probability, and that is that for many, they may be dead-end jobs. That really is the kind of patchwork and temporizing policy which one really cannot support. It seems to be devised solely to get the government over the next election, and possibly it may be of assistance. It seems to me, however, that the public is going to ask: "Where are the long-term policies that will help put this country's economic affairs to right? Where are the long-term policies that will make us quick and adaptable and ready for changes to meet the demands of the second half of the twentieth century and the competition of our international rivals?"

Honourable senators, I like to be hopeful but I have to be sceptical because, after all, I have the record to go by. It certainly is pretty cold comfort, indeed.

Let us move on to something else, honourable senators. Let us take a look at the national energy policy. On a reading of the Prorogation Speech, that is another bold initiative. There were four such initiatives mentioned: the Constitution; the six-and-five program, on the backs of the civil service, whether you like it or not; the Crow—why anyone should want to talk about the Crow when he has to eat it is something I do not understand, but that is what is going to happen in western Canada as far as my honourable friends are concerned—and the national energy policy. I want to talk about this bold initiative, the national energy policy, and I want to begin with what was said about it in the Prorogation Speech: "Energy Security at a Fair Price."

> A blended, made-in-Canada oil price, fair to producers and consumers, has resulted in average wellhead prices significantly below world levels.

It goes on to say:

> The commitment made in 1980 not to impose an 18¢ increase in the excise tax on transportation fuels has been honoured.

I have to admit, honourable senators, that that is literally correct. It is true that an 18 cent increase in the excise tax was not imposed. The government felt that what it had done in

1980 was so good that it would come along in the Throne Speech and re-endorse it. In that speech we read:

> The Government will continue its strong commitment to the NEP in order to ensure that our goals are reached.

"Our goals are reached," indeed! One would never take it from this that the government has brought one of Canada's strongest natural resource industries to its financial knees, with questionable advantage—questionable advantage to the public interest, to fair prices or to Canadian ownership.

Senator Murray: Or to self-sufficiency!

Senator Roblin: Self-sufficiency, these days, is the product of the depression more than anything else, but I want to talk about ownership.

In 1980, Canadian ownership of this industry was 18.7 per cent. In 1982, it was 26.2 per cent, a substantial increase. Look at what was to happen. In 1982, the Canadian-controlled firms were in trouble. Companies making up that 26.2 per cent were wallowing in debt, losing money, paying huge interest charges and dipping into retained earnings to pay dividends. Honourable senators have only to take a look at the stock exchange if they want any validation of that fact. Canadian-controlled companies lost $54 million in 1982 as compared to a profit of $1.2 billion in 1981. Canadian companies involved in the acquisition of foreign firms lost more than $600 million in 1982 after registering a profit of $500 million in 1981. Those are not figures that I have composed myself, honourable senators, but are figures that are presented to us by the Petroleum Monitoring Agency. I think that members of the government will be aware of what that government body has to do. That is what their own monitoring agency tells us about what has happened in the oil industry.

Today the city of Calgary is an economic basket case and the province of Alberta is probably in the worst economic condition of any of the provinces of this country. Let me say this for the record: We see the government slowly backing away from the worst features of its national energy policy, compelled to do so, as it has been, not by good judgment but by the international oil price situation in the world today. But the damage has been done. So much for the big help to the Canadian oil industry. What about fair prices to the consumer? Well, the 18 cent excise tax was not put on, that's true; but in none of the documents that the government has paraded, in none of the statements that the government has requested His Excellency the Governor General to make, either in the Prorogation Speech or the Throne Speech, is there mention of any of the taxes they have introduced. They have invented new ones that we had not heard of before. The government should take some pride in originality. There are new taxes, other taxes, which are twice, three times, four times the 18 cents, of which figure the government is so proud and which was mentioned in the Throne Speech.

● (1640)

What about this "made in Canada" price that was promised to the people of Canada, to protect them from the ravages of whatever, by the grace, virtue and wise management of this administration? What about that "made in Canada" price on gasoline? Oh yes, the price at the wellhead is down, but that is not the price that the car owner pays—not by a long chalk. Pump prices—that is, what the public pay—tell another story. In December 1983, this very month, regular unleaded gasoline, calculated in Canadian gallons and in Canadian dollars, in the city of Winnipeg, from where I come, posted a price of $2.20 per gallon. If I took the trouble to motor a little way south into the United States, to the city of Minneapolis, that same gallon, measured in the Canadian style, priced in Canadian dollars, was $1.74, a difference of 54 cents per gallon cheaper in the United States. What price the "made in Canada" gasoline policy? If one is from Toronto, like my honourable friend, Senator Bosa, the price of gasoline there, on the fifth of this month, for self-service, regular unleaded, measured in Canadian gallons and paid for in Canadian dollars, was $2.15. If one decided to take a little run over to Buffalo, one could buy the same product, the same quantity, with the same currency, for $1.79, 36 cents cheaper.

Senator Bosa: There is an ad valorem tax.

Senator Roblin: Nevertheless, those are the prices that are being paid. And the impression the government wants to leave with everyone who buys gasoline is that they have saved them from a terrific increase in prices. There is an ad valorem tax also in the United States, as the honourable senator knows perfectly well. So it goes. But I shall not delay the house much longer, although further examples could be examined.

However, if honourable senators want to understand what is contained in the 1983 Throne Speech and how much they can count on it, they had better measure the government's performance since 1980; and that performance and that record is eloquent, and it inspires little confidence in the present administration. On the basis of experience, the promises that are in the 1983 Throne Speech will be recognized for what they are, namely, election fodder. They strain the credibility of the government, and they certainly strain the credulity of the Canadian public.

However, I would not have honourable senators think that things do not change in this nation. They do. I have been encouraged to find there are new voices of protest against the present administration, voices that were formerly submerged and not able to make their views known—or so they seem to think. Those are voices of men who should know, and they should know because they are ex-cabinet ministers in this administration. So far we have heard from four of them.

An Hon. Senator: What do they say?

Senator Roblin: Well, I will tell you what they say. Senator Perrault has already spoken, and, as he is a member of this house, if he wishes to repeat what he said elsewhere, we will give him the opportunity and the privilege of doing so. I was particularly taken, or perhaps I should say shocked, by the statement of the Honourable James Fleming who was a cabinet minister in this administration. He describes the policy and practice of the present government as a combination of cynicism, ballyhoo and manipulation. Well now, as the Honourable

Mr. Fleming is the ex-P.R. Flack for this administration, he speaks with a certain authority.

Senator Frith: It takes one to know one.

Senator Roblin: My honourable friend may be speaking for himself, but he is not speaking for me. I repeat, a combination of cynicism, ballyhoo and manipulation. That is the charge. I have never used such harsh words. Perhaps I might have wished to, but I have never done so. They seem appropriate today, however. Are they sour grapes? They may be, but that does not make them untrue.

Fortunately, we are witnessing the last days of this administration. It is an administration whose credibility is forfeit, whose performance is lacking, whose fund of progressive ideas to inspire Canadians to put their country back into that state of competence and good heart which used to be its birthright is limited; an administration which seems to be lacking in that will to live, perhaps. It knows that its time has come, and it is writ large in the documents that have been placed before this house. It will take more than the Throne Speech to save the government, and if the government had 10 Throne Speeches, I do not believe it would do the job. For all the good they are attempting to do, I believe the people of this country will be content to see them go, because they know that that good amounts to very little. The nation needs a new start. It needs new hope, and it will take a change of government to get it.

Some Hon. Senators: Hear, hear.

Senator Roblin: With some confidence, that is what I believe the people of Canada are looking forward to, and I might say, honourable senators, I too look forward to that.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators will no doubt wish that Senator Olson were here to participate in the debate on the Speech from the Throne. As honourable senators will no doubt know, tests showed that Senator Olson should undergo an operation on his heart. The operation, which is being performed at the Ottawa Civic Hospital, is now almost routine because of the expertise of the team led by Dr. Keon who performs the surgery. Therefore, I am happy to tell honourable senators that the prognosis is favourable, and others of our colleagues can attest to the competence of that surgical team. I know that Senator Olson would wish to be here, and there is a very good chance that he will be able to return to the chamber when we resume in January.

Hon. Senators: Hear, hear.

Senator Frith: I echo the sentiments expressed at the continued regrettable absence from the chamber of Senator Flynn. I am encouraged, as are all honourable senators, by the observation of the Deputy Leader of the Opposition that progress is being made and that Senator Flynn may return to the Senate about the same time as Senator Olson.

It is my purpose to comment on the government's position as reflected in the Speech from the Throne. To some extent, the Speech from the Throne speaks for itself; it is quite detailed. My job is made easier by the procedural good luck that I speak after the mover, the seconder and the Leader of the Opposition, and because Senators Bosa, Hébert and Roblin have contributed in a very detailed and eloquent way to the debate on the subject. I compliment them all on their interventions.

• (1650)

Honourable senators, what does the Speech from the Throne purport to do?

Hon. Richard A. Donahoe: Not much!

Senator Frith: A great deal. It reflects the government's efforts to recognize the expectations and concerns in the minds and the hearts of all Canadians, and it isolates, identifies and attempts to deal with those concerns, not in high-sounding rhetorical terms but in terms of specific, building bricks to the programs. What are those concerns as reflected in the main themes?

[*Translation*]

Here are the five major themes: First, seeking new avenues to world peace. And I could suggest that we examine those themes within the context of the very specific efforts made by the government to identify the problems and propose solutions. Second, promoting economic growth. Third, creating a new alliance between business, labour, government and other groups. Fourth, strengthening the safety net. And fifth, pursuing our Canadian identity.

[*English*]

Those are the five principal areas that the government feels are properly the concerns of the people and must be dealt with, and the government proposes to do so in the way it outlines.

What can we say about the first concern? Certainly not much more than has been said by Senator Bosa, Senator Hébert and Senator Roblin. In the present context, it is almost trite to say that in the search for peace the role that Canada has to play, as precisely identified by Senator Hébert, is the turning to the advantage of all the citizens of the world the fact that, earned or not, we enjoy a reputation—a reputation, we are often told, based on the fact that we have never been a colonial power and we have never sought to dominate other peoples. How can we turn that to our advantage? What can one say about the need for that search for world peace when, considering present weaponry, it seems almost to cheapen the subject even to talk about it in terms that do not really beggar the absolutely awesome nature of the first theme of this Throne Speech? Senator Hébert said that this is a much needed theme for the people of the world as a potential message of hope.

In essence, its basic theme is peace and prosperity. In spite of the awesome nature of any attempt to deal with the problem of world peace, we must try to do something of a practical nature, and the government is doing so. For example, it concretely proposes, in the first theme, the devotion of full resources to restore confidence and trust in the international scene by continuing to advance proposals to slow the arms race. There is almost complete non-partisan support for the initiatives to fulfill obligations to NATO and NORAD, as has been emphasized already, with conventional weaponry, not

nuclear weaponry; for renewed attention to Canadian peacekeeping operations under the United Nations; for the creation of a public-funded centre to gather, collate and digest information concerning defence and arms control. There is also wide-ranging support for increased funding for voluntary organizations, so that we engage all the people of Canada in this initiative and private research groups engaged in the security arms control and disarmament issues.

A problem with reference to disarmament that we hear about almost every week is the stumbling block of the verification procedures, which no one seems to be able to agree upon. The proposal is to create resources for the development of verification procedures and thereby play that role in terms of initiatives that Canada is particularly well suited to take in helping in arms talks and arms reduction talks.

Canada enjoys a reputation as a Samaritan state in terms of foreign aid. That reputation is part of its status in international affairs which gives it the opportunity to play this unique role in the search for peace. The proposal is to increase the aid goals to 0.5 per cent of the GNP by 1985 and to 0.7 per cent by 1990, short of the Pearson proposal, as underlined by Senator Hébert. The amount at present is about 0.42 per cent, so the planned increases are significant.

Honourable senators, we come to the second theme, the opportunities for growth. Senator Roblin, as is his duty, emphasized what he feels are the omissions from the Speech from the Throne as government proposals. In general terms, my difficulty with Senator Roblin's remarks is that, while he may think there is very little new in the Throne Speech, I heard very little that was new from his party in its criticism of this government's performance. The recovery—and this may be the cause of some disappointment to the opposition party—has worked and is working. So when we talk about significant omissions from the Speech from the Throne, we should balance that by noticing the significant omissions of emphasis, on the part of the opposition, on the fact that the six-and-five program has worked. When the program was introduced very few people believed it would work. Certainly, the opposition did not believe it would work. However, that restraint program, as led by the federal government, has worked. But if critics of the government are confronted with the fact that the program has worked—

Hon. Lowell Murray: We still have a higher rate of inflation than our trading partners.

Senator Frith: —we are told, "Yes, you brought inflation down from 12 per cent to just below 5 per cent, but we are not prepared to give you any credit for it."

• (1700)

With respect to the performance of the government, figures have been quoted. Everyone can find his own figures to support any view he wishes to put forward. With respect to the Speech from the Throne, interlaced in Senator Roblin's comments was the suggestion that the people of Canada are totally dissatisfied with what this government has done and with the Speech from the Throne.

[Senator Frith.]

Senator Murray: Was a new Goldfarb poll conducted?

Senator Frith: Yes, there was a poll with respect to satisfaction with the performance of the government. Perhaps honourable senators noticed that poll, which was released about a month ago. The results were totally inconsistent with the voting intention at the time. The figures were the largest percentages I have ever seen in terms of satisfaction with the performance of the government.

Senator Murray: What is that, 27 per cent?

Senator Frith: No, much better than 27 per cent. In fact, better than I have ever seen in terms of satisfaction with the performance of any government.

Let us consider business. We are told that businesses are terribly disappointed with the performance of this government and the Speech from the Throne. As Senator Murray always says when he quotes from any organization's statement, I listened to a very distinguished, totally independent and non-partisan spokesman, namely, the spokesman for the Business Council on National Issues. Let me inform honourable senators what that council consists of. Its membership is comprised of the chief executive officers from approximately 150 of the country's largest corporations. It is a totally non-political organization. This morning on "Canada AM" the council's spokesman, Thomas D'Aquino, was interviewed, and I made some notes of what he had to say. He was introduced as another person who would gripe about the government's performance and the Speech from the Throne. Apparently, the people from "Canada AM" had not talked to him in advance; they were sure he would join their parade of criticism. However, to their great disappointment, he did not.

What did he have to say? He said that he was very happy with the consultations with business and labour. He said that his organization believes that the government is serious with respect to consultation. He also said that there has been an enormous improvement in the last eight months. According to the opposition, no one is supposed to believe in this government. We have heard all about its bad record and how people are so dissatisfied with it. Yet this man says there has been an enormous improvement in the last eight months.

He pointed out that economic progress started under this government and that it is continuing. He was pleased that no new vast sums of money were provided to stimulate the economy because that would have short-circuited recovery. This Canadian, speaking on behalf of these 150 corporations, said that the promises will not jeopardize the recovery process. These are the promises that we have heard about as being unsatisfactory and causing great dissatisfaction among Canadians.

He went on to say that the new expenditures were limited and he was pleased, therefore, that the government is not abandoning its restraint policy. The government is creating jobs, he said—creating jobs the way this government means to create them. This is not the way the NDP would create jobs, nor how the opposition would create them. Apparently, we will never be told what the opposition will do about this situation

until they form a government. Since we know that is not very likely to happen, probably all of us will have retired from the Senate by the time they inform us what it is they would have done.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, listen to this. Mr. D'Aquino said that this government is creating jobs and putting business back on its feet. That is the way in which this government has always proposed to create jobs; it is the way this government has always proposed to stimulate the economy. It will not step in with fast-spending programs and nationalization of industries as the NDP proposes. As I have said already we do not know how the Conservative Party would carry out this task since they are not willing to tell us.

This government has always said that the recovery of the economy depends upon the private sector. The Liberal Party has always believed in a mixed economy. Therefore, the Throne Speech is consistent with the tradition of this party, is consistent with the policies of this government, and is apparently satisfying business leaders that, indeed, the government is putting business back on its feet. This is the long-term approach to job creation. We have been told that some of these proposals are short-term and, indeed, they are. They are meant to be short-term and it is not pretended that they are anything more.

Honourable senators, I tell you the other government proposals for economic recovery are long-term. The business community knows this and is in full support of it.

There has been no significant increase in the deficit, and again that is to the satisfaction of the business community. Mr. D'Aquino also said that in general the government is on the right track. Does this reflect the dissatisfaction of Canadians, as we have heard from Senator Roblin?

Some Hon. Senators: Hear, hear.

Senator Frith: With respect to the second theme, opportunity for growth, youth, the opposition knows, is the focal point. We know that the members of the opposition support us in that respect. I congratulate them for their ability to perceive that that is the problem area. They have been telling us about it and we have been listening. We have also been talking about it. The focus must be on youth, since that is the group on which, in terms of unemployment, the most emphasis is placed and for which there is an unacceptably high rate of unemployment.

What does the government propose to do about this situation? I do not know whether many senators heard the Minister of Employment and Immigration speak this morning. He pointed out that very often our young people find it particularly difficult to obtain their first job. That is a factual statement supported by research. It is the reason a great many of these proposals relate to hyping up the ability of the young to gain jobs—to gain that first job. It has been found that when they do obtain that first job, they can retain it, but they also find it much easier to move into another job. Consequently, a large proportion of job creation expenditures will go to youth and the program will be delivered more effectively. The youth opportunity fund consisting of about $1 billion will go to assist young Canadians in finding jobs in the public, private and voluntary sectors.

A minister of state responsible for youth will be appointed. We in this chamber may take some satisfaction from the fact that our colleague, Senator Hébert, made a proposal in this respect at a Liberal caucus in Quebec. Obviously, his idea has caught fire and is receiving support from across the land. I am sure I speak for my colleagues when I say how much satisfaction we derive from the fact that one of our newer senators, Senator Hébert, is, in a sense, the father of this policy and of this item in the Throne Speech.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators may look to the Throne Speech for verification of what Mr. D'Aquino said about the jobs that have been created. Senator Bosa also spoke about this. He pointed out that, since December of 1982 some 353,000 new jobs have been created as a result of a $5 billion stimulus provided in the April 1983 budget.

Honourable senators, again with respect to the question of credibility, we have been told without detail that the government has lost credibility because it has not fulfilled its obligations undertaken in the Speech from the Throne in 1980. No figures have been provided in this regard. In order to provide opposition senators and others with an opportunity to deal with this situation in the debate on the Address in reply to the Speech from the Throne, I may seek leave, at a later date, to have included in *Debates of the Senate* a comparison of the promises made in 1980 and the promises delivered. I would quote selectively from it, were I to use it now. However, I do not want to do so at this time. If it appears in *Debates of the Senate* at a later date it will enable the opposition and others to take shots at it.

Senator Murray: Perhaps you would identify the author of this study?

Senator Frith: Of course.

Senator Murray: Then who is the author?

Senator Frith: There is no author; it is a study that was done by some journalists.

Hon. John M. Macdonald: Perhaps I could interject here. There would be no objection to your incorporating that study as part of your own speech. However, there would be objection to your tabling it as something separate.

Senator Frith: Senator Macdonald is quite correct in emphasizing that it is not to be considered a document tabled. It could simply be considered as part of my speech and could be attacked as pure rhetoric, if any honourable senator wished to do so.

In any event, its credibility can be discussed on another occasion; honourable senators will have a chance to see what the performance was and just how well the government fulfilled its obligations and the undertakings it gave at that time.

I do not want to say anything further about jobs, simply because that matter has already been spoken of. It is dealt with in the Speech. It is considered important and very specific programs are given to deal with it, with the price tags attached; they are right out there, up front with no fuzzy words, no fuzzy figures. This is exactly what the government proposes to do, and it is there to be examined by the people of Canada and, of course, by honourable senators.

Senator Murray: According to Mr. Lalonde, what is the projected rate of unemployment for the next year?

Senator Frith: You will have to ask Mr. Lalonde.

Senator Murray: He has already said what it is. There is not going to be any specific—

Senator Frith: Then if you know, I am sure it will form a part of your speech.

These are the solutions to these problems. I know they will have an effect on the unemployment rate. However, I am not in the business of making predictions. If you want to know what the odds are, phone Nick the Greek in Las Vegas.

Before leaving the question of our economic growth, I want to talk about another very important part of the economic program, the building of regional strengths. Already, as honourable senators know because of legislation that has been passed here in the Senate, there are programs and federal funding with respect to the re-organization of the Industrial and Regional Development Program. Recovery is taking place because we are taking maximum advantage of the strengths and attributes of each particular region through a formula devised for this particular purpose. The Speech from the Throne here is also launching a new era of federal-provincial planning and consultation. Negotiations are under way to sign comprehensive economic and regional development programs.

With respect to an aggressive trade drive, honourable senators will have heard through the media that Mr. de Grandpré has suggested to the MacDonald Commission that we must be more aggressive, more efficient in our international trade activities and generally in our business activities. Here, again, there are specific, clear, detailed programs for an aggressive trade drive. There are programs to extend export development to support service industries and encourage private trading houses. The Customs Act will be streamlined and modernized. Duty-free export zones will be established for manufacturing and processing in bond of goods for export. There will be a pursuit of world product mandate, which is very important and, as you know, has already taken place in some areas in Canada, particularly with reference to subsidiaries of multinational corporations. When a subsidiary of a company, such as 3-M, is given a world product mandate, that means that all the work for that company's product, for sale around the world, will be done here in Canada.

Then there is Pacific Rim trade, which will be facilitated through the establishment of the Asia Pacific Foundation of Canada and the expansion and improvement of relations with the United States.

On the subject of world-class industries and with a view to pushing even further our favourable trade balance, there is planned legislation with regard to R&D tax incentives, and there are additional steps to implement technology policy. With respect to the automobile industry, which is a subject of great concern, particularly here in central Canada, there is the Canada-Japan Auto Agreement for additional production facilities and parts procurement in Canada. As honourable senators will recall from the task force report on the automobile industry, the unions and government recommended the implementation of a Canadian content test or criterion. That, in turn, has led to negotiations with Japan towards the establishment of the Canada-Japan Auto Agreement.

There is planning for industrial reconstruction and new investment based on a labour-business-government consensus, and an expanded "Shop Canadian" program for small business. There are also detailed proposals, as we have heard, for a Canada Rail pass as an effort to increase tourism. We are all aware of the effect of the tourist dollar on our trade balance. That will also be the subject of attention in this program.

Then on the subject of resources, the Speech from the Throne goes into detail regarding the upgrading of fishing, forestry, mining and agriculture. Some $200 million will be allotted to improve fish grading and freezer facilities; there will be funds for the Fishing Vessel Assistance Program, and some attention will be given to the Pacific Fishery. With respect to forests, there is a renewal strategy extended through Environment 2000 with additional funding for forestry R&D.

With respect to food, a livestock stabilization program is proposed, as well as a National Farm Products Marketing Council. There is also proposed a Commission of Enquiry to study problems in potato marketing in eastern Canada. All of these details cover problems in various regions of the country.

With respect to water there are problems which, as I see it, will be with us, as citizens of the world, for some time to come. Already covetous eyes are being cast on Canada's water resources. To deal with these problems the government will expand investment in prairie and soil requirements, especially through a new hydrology laboratory in Saskatoon. Moreover, negotiations are already under way with the U.S. on the subject of acid rain. As you know, we have a very active Minister of the Environment now in Mr. Caccia, who has already shown success in that area. Efforts will be made to reduce Canadian sulphur emissions as part of our negotiations with the United States on acid rain.

With respect to energy, as Senator Roblin has underlined, the government is committed to the NEP. Perhaps we shall find out whether the opposition, the Conservative Party, if ever they are elected, will make as clear and unequivocal a statement.

Hon. C. William Doody: Now please do not be nasty.

Senator Frith: I am not being nasty at all. Far from it. I would look forward to hearing an unequivocal statement. It would be interesting to know whether the present leadership of the Conservative Party, if elected, would repeal the legislation

dealing with the NEP. Would their policy be to dismantle the NEP; to dismantle the system of grants and incentives that are already in place? In the view of this government, a number of our fellow Canadians, who are engaged in the oil business, would be very interested to know whether there will be a change in the NEP to use a system of tax incentives rather than the grant system that presently exists. I would point out that, to take advantage of a tax incentive, there have to be some profits, and tax incentives are no substitute for a program of grants to help encourage self-sufficiency in our energy field. Perhaps, if we are lucky, we will hear whether that is their policy. We can only hope that whatever policy they bring forward is half as detailed as the programs we see in this Speech from the Throne.

There will be legislation to confirm the Canada-Nova Scotia Energy Agreement, which is detailed in the Speech from the Throne.

The third of the five headings of the Speech is Partnership for Recovery. I am sure that most people have noticed that the policy of this government is to encourage partnerships among governments, labour and management; the partnership outlined in detail in this Speech from the Throne involves a partnership of governments. In this regard, the Minister of Finance will be starting new consultations with provincial governments and other economic bodies. We have heard from Mr. D'Aquino how well the present mechanisms of consultation have been working, and new, permanent mechanisms of consultation will be introduced with regular economic-outlook conferences involving business, labour and management; these could include other interested parties, if necessary. A new industrial and regional development board will be set up to give advice on industrial policy.

There will be a new competition policy. The Speech from the Throne addresses all of those areas. A task force will be established to help co-operatives, credit unions and caisses populaires to make a greater contribution to the economy.

• (1720)

You will recall what was in the Speech from the Throne relating to productivity. A system of rewards will be inaugurated to recognize contributions from companies, labour organizations and individuals to Canada's productivity and competitiveness. A fund will be created for Labour Canada to support research and the new Centre for Productivity and Employment Growth.

There will also be amendments to the Canada Labour Code relating to occupational safety and health, labour standards, sexual harassment and the upgrading of standards on parental leave. There will be a consolidation under one act of occupational safety and health standards. As well, selected crown corporations will test new methods of co-operative productivity improvements.

With respect to crown corporations, legislation will be introduced to let the Canada Development Investment Corporation better manage certain crown assets. Labour representatives will be appointed to the boards of certain crown corporations, consistent with the theme of partnership. The Interchange Canada Program involving business executives and government officials will be expanded to include labour. That has been a very successful program.

With respect to the part-time work force, consultations will be carried out with provincial governments, labour and business to provide pensions and fringe benefits.

I come now to the fourth heading, Strengthening the Safety Net. While I am sure that no one in Canada would deny that the world has just gone through a serious recession, I am equally sure that no one would argue that the effect of this recession on the people of Canada was as severe as the effect of the depression of the 1930s. The reason the two eras are not really comparable is that, since the 1930s, a safety net or cushion has been built into the economy to soften the impact of these economic peaks and valleys. That device has been brought forward by a Liberal government. I am speaking of such things as social legislation, unemployment insurance, and social programs for senior citizens. All these things have been put into effect as cushions or as a safety net. The phrase chosen to describe the fourth theme, "strengthening the safety net", is well chosen because that is exactly what is proposed in the Speech from the Throne. It is proposed that that safety net, all of it woven by legislation under a Liberal administration, be strengthened.

With respect to senior citizens, legislation will be introduced to increase the Guaranteed Income Supplement for single pensioners. That will affect 700,000 Canadians. The pension system will be reformed in accordance with the findings of a Parliamentary Task Force on Pension Reform. Steps will be taken to strengthen both the public and private pension plans. There will be improvements in the coverage, vesting and portability of the Pension Benefits Act. The provinces will be asked to concur in changes to both the Canada and Quebec Pension Plans so that Canadians will receive comparable pensions everywhere in Canada. That, again, will strengthen the safety net.

A new Canadian health act will be introduced. During the depression, Canadians had to pay their own hospital bills. That was part of the impact of the depression. Medical bills were not paid by governments; they were paid by individuals. The new Canada health act will clarify objectives and ensure universal access to medical care. This is all included in the Speech from the Throne. There is no question about what is being proposed. It may well be that some people will find it unacceptable, but it is there and can be seen. There is no fog concealing anything.

Financial assistance will be given to the provinces with respect to hospital care. Post-secondary education will be increased by more then $500 million in order to deal with the alleged problem of the need to impose user-fees. That is over and above the $13 billion to be transferred for 1983-84.

There will be protection for homes and businesses. There will be amendments relating to the choice of mortgage instruments.

With respect to fisheries, farms and small businesses, attention will be given to the need for long-term financing. Bankruptcy laws will be revised to increase their flexibility. A system of pre-bankruptcy arbitration for farmers will be introduced and greater protection will be given to wages with respect to bankruptcy.

With respect to personal safety and security, there will be increased mandatory sentences for violent offenders, stiffer penalties for drunk drivers, as Senator Bosa has stated, an improvement of law enforcement against the trafficking in and importation of illegal drugs and the strengthening of volunteer crime prevention programs such as Neighbourhood Watch. Those programs engage the citizens of Canada in the improvement of the quality of life and are a weapon against crime. We are just on the threshold of utilizing those weapons.

Amendments to the Criminal Code of Canada will be introduced concerning hard-core pornography, and further legislation will be considered after the presentation of reports of committees on pornography, prostitution and sex offences against children. Legislation will be introduced to establish the Canadian Security Intelligence Service. A special Senate committee was established to consider that matter during the last session and its report will have a deep influence on the new legislation.

There will be changes to the R.C.M.P. Act to provide better attention to the grievances of individuals. There will be increased attention to emergency planning.

With respect to securing individual rights, a bill will be introduced to revise all federal laws so that they conform to the Charter of Rights and Freedoms. A new divorce act will be introduced to make the process more equitable and less complex. Work will be undertaken with the provincial governments to strengthen procedures for enforcement of maintenance and custody orders.

With respect to women, there will be more funding for women's voluntary organizations and organizations doing research on women's issues. Housing units will be allocated to victims of family violence pursuant to the recommendations of the Federal-Provincial Task Force on Family Violence. Day-care is on the agenda of the federal-provincial ministers responsible for the status of women and a progress report will be prepared on the decade since International Women's Year.

With respect to the disabled, a pilot project will be established to improve access to public transportation for the disabled. A national plan of action will be introduced to remove obstacles for the disabled.

Regarding native peoples, action will be taken to respond to the Report of the Committee on Indian Self-Government. Legislation will be introduced to remove discrimination against women under the Indian Act. Funding is to be continued for job creation programs on reserves, and a second constitutional Conference on Aboriginal Rights will be held during the month of March 1984. That conference will address aboriginal title, equality rights, aboriginal and treaty rights, land and resources and aboriginal self-government.

[Senator Frith.]

The fifth and last major theme is the pursuing of our Canadian identity. The details are set out, and they consist of a national broadcasting policy relating to greater Canadian content, the extension of French language services, the improvement of international marketing of Canadian cultural projects, the enhancing of regional and native access to broadcasting services, and the providing of incentives for private production of programs.

There will be a new policy on film and proposals to change copyright laws. That is long overdue. The problem of defining "registered charity" will be referred to a joint parliamentary task force.

Multiculturalism was covered very eloquently and thoroughly by Senator Bosa. I do not remember whether he mentioned the Parliamentary Task Force on Visible Minorities, but that will be considered.

With respect to the North, action will be taken to promote balanced development of the Yukon and the Northwest Territories. Action will also be taken to settle aboriginal land claims and to foster evolution of responsible government in the North, and funds will be provided to strengthen the Northern Oil and Gas Action Plan. There will also be an early announcement concerning the taxation of northern benefits to sustain more permanent communities in the North.

With respect to parliament, immediate action will be taken on parliamentary reforms, and an active interest will be taken in the work of the joint committee on Senate reform.

That is all contained in the Speech from the Throne. It is clear and available to anyone wishing to make critical observations with respect to what is contained in the Speech from the Throne. There is nothing secret about what is contained in the Speech from the Throne. The speech was thorough and covered all of the fields of concern that are and must be before any government in the year or the years ahead.

This is a program of which the Canadian government is proud; it means to put it into effect; it has already been assured publicly of the co-operation of the opposition with respect to the programs it considers to be positive. After listening to Senator Roblin, I can see that there are many that fall into that category.

Therefore, honourable senators, I predict that this session of Parliament, launched with this kind of clear-cut, wide-ranging, thorough Speech from the Throne as a program—and that is all it is and all it can be—will, if we receive the kind of co-operation we have been promised for putting it into effect, be one of which all parliamentarians and Canadians will be proud.

On motion of Senator Macdonald, debate adjourned.

• (1730)

THE SENATE

APPRECIATION OF STAFF

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, before we adjourn, I should like to place

on record, on behalf of all honourable senators, our appreciation of how smoothly and professionally the proceedings for the Speech from the Throne were conducted by our Senate staff with the co-operation of the whips and the other place. Usually, the preparation for the Speech from the Throne involves three weeks, but our staff were given very short notice, approximately a week, and it was right on the heels of the prorogation proceedings for which they also had been given very short notice. I know I speak for all honourable senators when I express our sincere appreciation of the really outstanding effort of our staff. They went well beyond the call of duty, in that they worked overtime and all weekend in order to make us feel proud as senators of the proceedings that took place here.

Hon. John M. Macdonald: Honourable senators, we, on this side, agree whole-heartedly with the sentiments expressed by Senator Frith. The proceedings were handled perfectly and our staff deserve a great deal of credit.

The Senate adjourned until Monday, December 19, 1983, at 8 p.m.

THE SENATE

Monday, December 19, 1983

The Senate met at 8 p.m.

SPEAKER OF THE SENATE

READING OF COMMISSION APPOINTING THE HONOURABLE MAURICE RIEL

The Honourable Maurice Riel, having taken the Clerk's chair, rose and informed the Senate that a Commission had been issued under the Great Seal of Canada, appointing him Speaker of the Senate.

The said Commission was then read by the Clerk.

The Hon. the Speaker then took the Chair at the foot of the Throne, to which he was conducted by the Honourable Senator Frith and the Honourable Senator Roblin, P.C., the Acting Gentleman Usher of the Black Rod preceding.

Prayers.

[*Translation*]

THE HONOURABLE JEAN MARCHAND P.C.

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I would like to take this opportunity this evening to pay tribute to the Honourable Jean Marchand, our former colleague, who resigned last week, on December 15, as Speaker and member of the Senate.

Jean Marchand was appointed to the Senate on December 9, 1976. I remember that when he was appointed, the new senator said that instead of ending his career, he was starting a new, longer and satisfying one. He settled down to work right away, thus letting his actions demonstrate the truth of what he said. Mr. Marchand became Speaker of the Senate in March 1980, and since that time has used all the resources of his position to defend the rights, integrity and independence of the Senate against any encroachment by the House of Commons, with its far greater number of Members.

To help him carry out this task, he created a public information and education branch responsible for informing the public about the importance of the role of the Senate.

Senator Marchand also took on very substantial diplomatic duties. As you know, honourable colleagues, the duties of the Speaker of the Senate rank fourth in order of precedence in Canada, and the services of the Speaker of our institution are ever more in demand. Since he was appointed Speaker, he has travelled over 250,000 kilometres on official missions in more than twelve countries. In addition to the role of co-chairman which he assumed in a number of joint committees of the Senate and the House of Commons, and in addition to the administrative responsibilities involved in the Speaker's function, Senator Marchand has made a contribution to a host of charitable, scientific and parliamentary organizations. Honorary degrees in law, industry relations and social sciences were conferred on Senator Marchand by various universities.

Before he was appointed to the Senate, Jean Marchand played a major role for more than three decades, during which a number of important events brought about profound changes in Canada and Quebec, his province of birth. The former union leader, federal Minister and social worker never stopped working, always with his customary energy, in his various functions.

After finishing a course in social and political sciences at Laval University, in 1942 he became an organizer for the Canadian Confederation of Catholic Workers. Five years later, he had risen to the senior ranks of the same organization, which later became the powerful Confederation of National Trade Unions. Here, he spent twenty-three years, acting first as Secretary General and later as President. He played a prominent role in a number of social and labour disputes which pitted him against Maurice Duplessis, Premier of Quebec at the time. We remember the asbestos strike and the struggle for education reform for workers in the pulp and paper industry which led to the first Quebec statute on labour relations. With his friends he helped pave the way for the Quiet Revolution, a major development in the social history of Quebec.

In the fifties and sixties, he was a member of a host of national commissions and international organizations operating in the social, economic and labour sphere.

I was privileged to be a member of the Laurendeau-Dunton Commission with Senator Marchand.

From 1963 to 1976, Mr. Marchand held various portfolios, including Transport and Environment. He also created two new Departments, Manpower and Immigration and Regional Economic Expansion. In concluding, I offer him, on behalf of the Government our best wishes in his new position as President of the Canadian Transport Commission.

[*English*]

Honourable senators, in the name of the government and on behalf of all those on this side, I should like to congratulate our new Speaker on his appointment. We are all confident that the Senate is, indeed, in good hands, and will be ably administered by our new Speaker.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, if I may reverse the order of speaking used

by the house leader this evening, I will address my first words to our new Speaker.

I have known of Maurice Riel favourably, indeed, because of his association in the legal world with the firm of Stikeman, Elliott, Tamaki, Mercier & Robb. I have heard many fine things of him from his partners in that organization. However, when I heard him read the prayers in such mellifluous and pleasing French, and saw him garbed as the Speaker with his robe, gloves, cravat and hat, it occurred to me that he was to the manner born and that he had been just waiting for the time when he would assume the function he is occupying tonight.

I am sure his appointment as Speaker of this house will further adorn his celebrated career as a Canadian citizen and public servant. I feel the Senate can rest easy that, under his presidency, its work will continue to be useful.

On behalf of the members on this side, and I am sure on behalf of everyone in the chamber, I add our congratulations to our new Speaker and offer our best wishes for his enjoyment of the office.

Hon. Senators: Hear, hear.

Senator Roblin: Now, I should like to say something about the man he has succeeded, because one can fairly say that the Honourable Jean Lesage is a man whose career has taken surprising turns.

Some Hon. Senators: Oh, oh.

An Hon. Senator: Jean Lesage? Jean Marchand.

Senator Roblin: Wait until he hears what I have said! However, he may not be entirely displeased to be associated with a man of Jean Lesage's reputation and character. Probably my slip of the tongue arises from the fact that Jean Marchand began his political activities, as far as I recall, at the time when Jean Lesage was active in politics in this country. Jean Marchand has been a leader in the social development and the advance of his own Province of Quebec; he has developed the reputation of being faithful to his province, but, at the same time, being a strong believer in our Confederation.

When he entered the House of Commons in 1965, he was described as one of the "three wise men" coming to Parliament at that time. There are some who think he may be the wisest of the three. I offer no opinion on that score; I simply say that he qualified for the general description. While he was in the House of Commons, as Senator Guay knows very well, he occupied a number of portfolios with great distinction, and during his career there proved himself to be resourceful, candid and frank. In fact, at one time, in his assessment of the Department of Transport, he was so frank that it became a parliamentary sensation; but that, in my opinion, reflects greatly to his credit.

Honourable senators, when I entered the Senate a little while ago, Jean Marchand was a front bencher, first in the government and then, for a short period of time, in the opposition. He established his credentials, to my mind, as being a colourful, eloquent and vigorous proponent of the views for which he stood. When he became the Speaker of the Senate in 1980, he conducted himself in that post with grace and impartiality. But I am sure that some of us must be aware of the fact that he really did not find that role sufficiently active, in the political sense, for a man of his previous record and accomplishments. Therefore, although, as I started out by saying, he is a man whose life has taken a surprising turn, perhaps we need not be too surprised to find that he has now decided to take on new responsibilities.

There is one thing about his change of venue, honourable senators, that pleases me; that is that it is perfectly clear that his age—and mine is not too far away from his—is certainly no indication that there isn't plenty of life in that old dog, if I may use that affectionate expression, for the years to come. He has now become the administrator of one of the powerful instruments of our national policy. I am sure that he will leave his mark on the office of Chairman of the Canadian Transport Commission. We are going to miss him in the Senate. We are particularly going to miss his luncheons and his little celebrations after Royal Assent, but I am sure that we all wish him well in his new activity.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I think that the honourable Jean Marchand's decision to accept major responsibilities in the Canadian public service has taken some of us by surprise.

One would have thought that at his age—although he is still relatively young—he would not have assumed such heavy responsibilities. I have known the Honourable Jean Marchand for quite some time and this is the kind of challenge he likes. His whole life has been a series of challenges which he has never failed to take up successfully.

I first met him when he was fighting for organized labour. Our paths crossed again later in politics. He has always been a man of principle and never did he compromise about a principle in which he firmly believed.

All honourable senators will recall the major decision he took when he left the Cabinet on a basic question, namely the use of French in air services. In his eyes, that was a question about which his basic principles did not leave room for argument.

Jean Marchand has always fought for the cause of French-speaking Canadians. In my opinion, Quebecers are lucky to have had such an uncompromising and valiant champion sitting in the other place as minister of various departments.

Hon. Joseph-Philippe Guay: Not only Quebecers!

Senator Asselin: Honourable senators, he was a rough player, as has been said, a good debater. If ever you had an opportunity to hear him during electoral campaigns in Quebec, you know he could stir the crowds at will.

Others have known other aspects of his personality, but I have known him when I was fighting against him. Being of

different political persuasions, we had to meet now and then, and sometimes we landed heavy blows. He has always shown respect for his opponent, and he was a courageous and conscientious man.

I will remember all my life the time when I had to suffer great family hardships. In any difficult situation, Jean Marchand was among the first to help me; he was there with a parliamentary delegation to lift my spirits and encourage me to face up to the difficult hours ahead of me. To me Jean Marchand is a prominent French Canadian—he will always remain a great friend of Quebec. I feel the Senate will miss his sense of humour, because he did have humour to spare.

I know that we will miss Jean Marchand, and I wish him the best of luck in the new responsibilities he has decided to assume.

Jean Marchand is being succeeded by a good friend of mine, Senator Maurice Riel. We have known each other for a long time, Senator Riel. The moment one becomes a friend of Senator Riel, there is no way one can cease to be, so great is his kindness, openness and sincerity.

I met him in interesting circumstances. We were sitting on the same Boards of Directors of Canadian corporations. His good judgement was always to be relied upon in discussions and, of course, his sound advice was always sought.

Senator Riel has the reputation of the good lawyer he has been and still is. The Quebec Bar Association has always been privileged in having Maurice Riel as a very brilliant member.

We can be assured that he will perform his new functions with great tact, because he has excellent judgment. As far as we in the Opposition are concerned, we promise him all possible co-operation.

We look forward to reading his rulings, which certainly will add to our jurisprudence in this House.

Some Hon. Senators: Hear, hear.

Hon. Yvette Rousseau: Mr. Speaker, I would like to join with the other honourable senators in offering you my warmest congratulations and wishing you every possible success on your appointment as Speaker of the Senate.

We know in advance that we shall benefit from your experience and great generosity.

Mr. Speaker, I would also like to pay tribute to the Honourable Jean Marchand.

How can we honour the Honourable Jean Marchand with mere words? How can we express the deep affection we have for him? How can we show him our respect and gratitude?

If it were necessary to do so, I believe that we would have to pay homage to him not only as former Speaker of this House, but also as Jean Marchand himself. Indeed, for him, the man came before the politician, the leader before the administrator and the militant before the supporter.

I have a lot of personal memories of the Honourable Jean Marchand; I remember his qualities as a man of action and of duty and as a democrat. It would take quite sometime to give all the details of his career to this august assembly. On the other hand, I can talk about his accomplishments as they relate to my own experience.

To pay homage to the Honourable Jean Marchand, it is necessary to establish a parallel with the very history of Quebec, its political and ideological trends, its labour struggles, its collective frictions and its aspirations for the future.

To pay homage to the Honourable Jean Marchand, it is necessary to establish a parallel with the history of modern Canada, with a vision of a country which he served with ability and generosity.

To pay homage to Senator Marchand, it is necessary finally to recognize his influence within the international community, his everlasting desire to see in men what brings them closer together rather than what separates them.

The appointment which the Honourable Jean Marchand has just accepted honours him. He is leaving the political arena, the speakership of the Senate, for a position which is well suited to his personality.

Like Cincinnatus, the legendary Roman hero, who was successively peasant, soldier and statesman, he is going back to the plough and refusing honours the better to serve the Canadian community.

Mr. Speaker, I would like to wish every possible success to the Honourable Jean Marchand. Just before we celebrate the Nativity I can only ask The Lord to grant Senator Marchand and his family long life, happiness and contentment. This is the message that I wanted to give to the Honourable Jean Marchand.

Some Hon. Senators: Hear, hear.

Hon. Arthur Tremblay: Honourable senators, I shall, if I may, add my congratulations to the new Speaker. Unlike most of you, I have hardly had time to observe the measure of experience he brings to his new duties. During the short time I have been a member of this Chamber, I have seen how Senator Riel approached problems and the spirit of moderation with which he faced all contentious issues. I would like to take as an example the debate on the Constitution. This carefully considered way of approaching problems is our assurance that he will bring the same approach to conducting the proceedings of this Chamber. I therefore wish to congratulate him and at the same time give him the assurance of my complete co-operation. I am sure he will preside over the Senate with wisdom and prudence, since those are supposed to be the qualities of the Senate which set it apart from the House of Commons.

That being said, I would now, in a very personal and informal way, like to talk about Jean Marchand's leaving the Senate. We were classmates in the Department of Social Science, then directed by Father Lévesque. As a result, and due to other circumstances as well, I was able to follow him more or less throughout his career. Mr. Marchand and a number of other personalities became part of Quebec's evolution, in a way that is somewhat mysterious to outside observers. I think that it is the mysterious reality that Quebec represents for other Canadians which explains Senator Roblin's slip when he confused Mr. Lesage and Mr. Marchand.

This points to a general reality, which is that Quebec is a mystery to many Canadians. It is easy to involuntarily slip up and confuse the facts.

Having followed Jean Marchand's career since we are classmates at the courses given by Father Levesque, it is perhaps appropriate in the circumstances—if Senator Guay would allow me to address him directly—to recall as Senator Rousseau did a while ago, that Jean Marchand was at the very heart of things. He was even involved in the heart of what I would call the reality that may have created a number of problems in the rest of the country, and I am referring to the building of what has been referred to as "French power" in Ottawa. He was even at the heart of the making of a Prime Minister. Not many people will come out and say this, but in fact, when the three "doves" arrived on the federal scene, he played a part in the coming to power of individuals who otherwise would not have done so. Within this process, Jean Marchand was a strong personality, with solid roots in union activity. In 1965, he had a significance that went well beyond that of others in the Quebec milieu. He had a very special significance in the eyes of the then Prime Minister, Lester Pearson. I will not elaborate, except to say that Jean Marchand was at the heart of many events in the evolution of Quebec and Canada.

He will now continue to be active in an institution that has become a very significant part of Canada's development. As far as his leaving the Senate is concerned, knowing Jean Marchand as I do, I cannot say his decision came as a complete surprise. I have always had the impression that his attitude as Speaker of the Senate always betrayed some impatience with the passive role of the Speaker, which is understandable considering his temperament, which is that of an active man. It was therefore not surprising that he should find another outlet for his energies. The Transport Commission is offering him that opportunity. I am glad that he will be able to make as effective a contribution as the one he made in helping to build Canada and Quebec. I wish him the best of luck.

• (2020)

[*English*]

Hon. Robert Muir: Honourable senators, first of all I would like to express my congratulations to our new Speaker. I wish him well in his new job. Regrettably, I do not know him as well as I know his predecessor, but we in the Senate are proud and honoured that he has reached this high position in which we wish him every success.

I now wish to say something regarding the Honourable Jean Marchand. I entered the other place in 1957; he came some years later, and we then had the pleasure of working together—and, many times, of working against each other.

As has been said by many senators on both sides of the house, the Honourable Jean Marchand spent decades working in his native province as a social worker, and as a union worker and organizer of unions, and he reached the pinnacle of his union, as was mentioned by Senator Frith. During those days in Quebec a man like the Honourable Jean Marchand was certainly needed. Frankly, had I lived in Quebec then I would have been by his side, regardless of our political differences.

Hon. Joseph-Philippe Guay: Hear, hear.

Senator Muir: Although I never reached the top, as did the Honourable Jean Marchand, I was involved in organizing unions and was, of course, a member of a union. I was also on strike, as was the Honourable Jean Marchand. During those days of strikes and picket duty, the Honourable Jean Marchand and I had to resort to measures that we do not like to talk about today, but that was part of our job. We had to do certain things in order to reach our goals.

I was a member of the other place when the Honourable Jean Marchand was the Minister of Transport. He also held other portfolios, including that of Minister of Regional Economic Expansion, under which the Cape Breton Development Corporation came. Often we would have fierce and violent debates, but he was the first to come along afterwards, slap you on the back and say, "Bob, you were in great shape today." That is the way a democracy works, and I certainly believe in that. Both of us had strong opinions and we argued violently, but nothing was ever taken personally by the Honourable Jean Marchand. He is that kind of man.

It is easy for pseudo-journalists and pseudo-intellectuals immediately to take quill in hand and write in an uncomplimentary fashion, but some of them are not old enough to remember people such as Duplessis, or to remember what was done by men such as the Honourable Jean Marchand. They do not even take the time to refer to the history books to learn what took place in those days. So quickly these things are forgotten.

The Honourable Senator Roblin mentioned the age of 65, but some of the greatest wisdom has come from people slightly older than 65, and there are a number of us in the Senate who have reached that age. I have not yet reached it, but it won't be long.

What has been done by former and present members of this chamber is quickly forgotten by the scribes, if one can call them that. How quickly they castigate individuals, regardless of their political leanings. This chamber has had, and still has, as members former provincial premiers and many others who have done a great deal for this country and continue to serve it well.

Honourable senators, just as there are bonds between those in the legal fraternity, there are bonds between those who are, or have been, involved in the union movement, but they are unwritten bonds. I recall that on many occasions I went to see the Honourable Jean Marchand with what I thought were serious problems and he was always willing to listen to my arguments. He would try to get his point across, and I would try to get mine across, but I found him to be a fair person at all times. I have no doubt that he will do a very good job in his new position.

I wish him good health, every success and, as I believe tomorrow is his birthday, a happy birthday.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Joseph-Philippe Guay: Honourable senators, I want to join all the members of the Senate who have already spoken in tribute to the devotion, sincerity and fine work performed by Senator Marchand. I agree with all the comments made this evening and I wish to thank the Honourable Jean Marchand not only for what he has accomplished in the Senate, because he has already made his mark in the House, but also for what he has done for the entire country.

I had the privilege of serving as his parliamentary secretary over twelve years ago. That is when I realized that Jean Marchand was a doer. He has proved it and those who rose this evening, even the members opposite acknowledged his achievements. It was an honour for me to work with Jean Marchand, and along with the previous speakers I would like to say: Now Jean Marchand is assuming other duties because he wants to do something useful for all Canadians at the national level.

I wish him good health so that he can perform the task he has set for himself because we had the opportunity to appreciate his extraordinary career.

I would have liked to elaborate further, honourable senators, but my final word will be to wish him good health and every success.

As for the new Speaker of this House, I have come to know him quite well, especially since we have been neighbours in the East Block. Senator Riel always reminds me of our past in Manitoba, more especially of Louis Riel. Even if Senator Riel and his forefathers were from Quebec, I think that he is somewhat related to Louis Riel; anyway this is how I consider him. It is an honour for the French-speaking citizens of western Canada to see you Mr. Speaker fill this very important position in the Senate. I would like to point out that we in western Canada greatly appreciate the fact that a man with the name of Riel has been appointed to that position and that he will do us proud. I wish you every success and good health.

Hon. Senators: Hear, hear.

Hon. Renaude Lapointe: Honourable senators, I fully endorse the eloquent tribute which my colleagues, and especially Senator Rousseau and Senator Asselin, have rendered to our former president.

Jean Marchand is a very dear friend of mine; I wish him a tremendous success in his new endeavour.

To our new Speaker I offer my best wishes. I have always appreciated his culture and great sociability, and I am sure that he will fulfill his duties with great dignity and competence.

Some Hon. Members: Hear, hear.

REFORM OF THE SENATE

SPECIAL JOINT COMMITTEE—COMMONS CONCURRENCE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the following message has been received from the House of Commons:

HOUSE OF COMMONS

Canada

Tuesday, December 13, 1983

ORDERED,—That the House of Commons do unite with the Senate in the appointment of a Special Joint Committee of the Senate and of the House of Commons to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;

That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

That the Members of the House of Commons to act on behalf of the House as members of the said Committee be Mr. Comtois, Mr. Cosgrove, Mr. Crosby (Halifax West), Mr. Gourde (Lévis), Mr. Harquail, Mr. Jarvis, Mr. Murphy, Mr. Portelance, Mr. Roy and Mr. Thacker;

That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;

That the Committee have power to sit during sittings and adjournments of the House;

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

That the Committee have power to adjourn from place to place within Canada;

That a quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;

That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen and that for these purposes the Committee be deemed never to have ceased to exist;

That the Committee present its final report no later than January 31, 1984;

That the evidence adduced by the Committee in the first session of the present Parliament be referred to the Committee; and

That a Message be sent to the Senate to inform that House accordingly.

Attest

C. B. KOESTER
The Clerk of the House of Commons

• (2030)

[*English*]

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—MESSAGE FROM HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

Tuesday, December 13, 1983

Ordered,—That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider the Reports of the Commissioner of Official Languages;

That all such reports be deemed to have been or to be upon tabling referred to the Committee;

That nine Members of the House of Commons, to be designated at a later date, be members of the part of this House on the Special Joint Committee;

That the Committee have power to sit during sittings and adjournments of the House of Commons;

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

That the Committee be empowered to retain professional, clerical and stenographic help as may be required;

That a quorum of the Committee be four members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when three members are present so long as both Houses are represented; and

That a message be sent to the Senate requesting that that House do unite with this House for the above purpose, and to select, if the Senate deems it to be advisable, . . . Members to act on the proposed Special Joint Committee.

Attest

C. B. KOESTER
The Clerk of the House of Commons

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

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(d), moved that the message be taken into consideration at the next sitting of the Senate.

Motion agreed to.

COMMITTEE OF SELECTION

FIRST REPORT PRESENTED

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

Monday, December 19, 1983

The Committee of Section has the honour to present its first report:

Pursuant to rule 66(1)(a), your Committee nominates the Honourable Senator Molgat as Speaker *pro tempore.*

Respectfully submitted,

WILLIAM J. PETTEN
Chairman

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

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(f), moved that the report be placed on the Orders of the Day for consideration later this day.

Motion agreed to.

• (2040)

SECOND REPORT PRESENTED

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

Monday, December 19, 1983

The Committee of Selection has the honour to present its

SECOND REPORT:

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on each of the following select committees, namely:

JOINT COMMITTEE ON THE LIBRARY OF PARLIAMENT

The Honourable Senators Anderson, Bélisle, Bell, Benidickson, Cameron, Giguère, Hébert, Hicks, Macdonald, Macquarrie, Rousseau, Rowe, Sherwood and Yuzyk. (14)

JOINT COMMITTEE ON THE PRINTING OF PARLIAMENT

The Honourable Senators Adams, Anderson, Bélisle, Bell, Bielish, Bonnell, Cottreau, Davey, Donahoe, Hastings, Inman, Macdonald, McGrand, Neiman, Rizzuto, Sherwood, Sullivan, Thompson and Wood. (19)

JOINT COMMITTEE ON THE RESTAURANT OF PARLIAMENT

The Honourable the Speaker, and the Honourable Senators Bélisle, Donahoe, Guay, Hicks and Petten. (6)

JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

The Honourable Senators Donahoe, Godfrey, Lafond, Macquarrie and Rizzuto. (5)

COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Balfour, Everett, *Flynn (or Roblin), Frith, Langlois, Lewis, Macdonald, Macquarrie, McElman, Molgat, Muir, Murray, *Olson (or Frith) and Petten. (12)

*Ex officio members.

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Barrow, Bélisle, Buckwold, Davey, *Flynn (or Roblin), Graham, Guay, Leblanc, Marshall, McElman, Muir, Nurgitz, *Olson (or Frith), Petten, Phillips, Riel and Wood. (15)

*Ex officio members.

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Asselin, Bosa, Croll, *Flynn (or Roblin), Giguère, Haidasz, Hicks, Lapointe, Macquarrie, Murray, Nurgitz, *Olson (or Frith), Rowe and van Roggen. (12)

*Ex officio members.

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Balfour, Barrow, Benidickson, Doody, *Flynn (or Roblin), Godfrey, Hicks, Kelly, Leblanc, *Olson (or Frith), Phillips, Stanbury, Steuart and Thériault. (12)

*Ex officio members.

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Balfour, Bielish, Cottreau, *Flynn (or Roblin), Graham, Langlois, Lucier, Macdonald, McElman, Muir, *Olson (or Frith), Perrault, Riley and Stollery. (12)

*Ex officio members.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Asselin, Buckwold, Deschatelets, Donahoe, *Flynn (or Roblin), Lewis, Neiman, Nurgitz, *Olson (or Frith), Pitfield, Rizutto, Robichaud, Stanbury and Tremblay. (12)

*Ex officio members.

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Anderson, Barrow, Bosa, Buckwold, Charbonneau, Everett, *Flynn (or Roblin), Godfrey, Lafond, Lewis, Murray, *Olson (or Frith), Roblin and Walker. (12)

*Ex officio members.

SENATE COMMITTEE ON SOCIAL AFFAIRS SCIENCE AND TECHNOLOGY

The Honourable Senators Bielish, Bonnell, Cottreau, *Flynn (or Roblin), Haidasz, Hébert, Inman, Marshall, McGrand, *Olson (or Frith), Phillips, Rousseau, Tremblay and Wood. (12)

*Ex officio members.

SENATE COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY

The Honourable Senators Adams, Bielish, Bonnell, *Flynn (or Roblin), LeMoyne, Marshall, McGrand, Molgat, *Olson (or Frith), Phillips, Riley, Sparrow, Steuart and Yuzyk. (12)

*Ex officio members.

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The Honourable Senators Adams, Balfour, Bell, Charbonneau, Doody, *Flynn (or Roblin), Guay, Hastings, Kelly, LeMoyne, Lucier, Molgat, *Olson (or Frith) and Thériault. (12)

*Ex officio members.

Your Committee recommends that Messages be sent to the House of Commons informing that House of the names of the Honourable Senators appointed to serve on the part of the Senate on the Joint Committee on the Library of Parliament, the Joint Committee on the Printing of Parliament, the Joint Committee on the Restaurant of Parliament and the Joint Committee on Regulations and other Statutory Instruments as contained in this Report.

Respectfully submitted,

WILLIAM J. PETTEN
Chairman

He said: Honourable senators, I should explain that copies of both reports of the Committee of Selection will be distributed before you are asked to deal with them.

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

Senator Petten, with leave of the Senate and notwithstanding rule 45(1)(f), moved that the report be placed on the Orders of the Day for consideration later this day.

Motion agreed to.

SYDNEY STEEL CORPORATION

EXPLOSION AT PLANT—EXPRESSION OF SYMPATHY

Hon. B. Alasdair Graham: Honourable senators, before we proceed to Question Period, I should like to make a brief statement with respect to the sad events which took place at the Sydney Steel Corporation plant last week.

As many of you know, yet another tragedy hit the industrial area of Cape Breton when, last Thursday at approximately 9.30 p.m., an explosion at No. 1 blast furnace, operated by the Sydney Steel Corporation, resulted in the untimely death of three outstanding employees of the company and outstanding citizens of the Cape Breton community. It also resulted in injuries to two other men. One of those injured has since been discharged from hospital, and the second is reported to be in stable condition. It is, indeed, a blessing and of some comfort that the number of victims was not greater.

This tragedy has struck at a time of the year when happiness should be the order of the day. In recent months there were many good reasons for happiness at Sydney Steel. The rehabilitation program was on schedule and within budget. The plant was turning out what many regard to be the best steel rails ever produced at Sydney Steel and, for that matter, in all of Canada.

I was at my home in Sydney, about one mile from the plant, when the furnace erupted. The shock waves were felt and heard for many miles around. Like many others, I went immediately to the plant. I had an opportunity to meet there with management and union officials who, with their coal-mining brothers in the area, long ago learned to cope with adversity and uncertainty.

Amidst the sadness and the sorrow there is a degree of optimism. The officials are confident that within two or three weeks they will be restored to the situation which prevailed prior to the accident. In the meantime, I understand that between 70 to 80 employees have been laid off while repairs are being implemented.

I am sure that all honourable senators, and particularly my esteemed colleagues from Cape Breton, Senators Macdonald, Muir and Murray, would want to join with me in an expression of deepest sympathy to those families who have suffered bereavement and injury, as well as to all their brother steelworkers in the area.

Hon. Senators: Hear, hear.

• (2050)

QUESTION PERIOD

[*Translation*]

THE SENATE

ABSENCE OF MINISTERS

Hon. Arthur Tremblay: Honourable senators, I have a question for the Acting Leader of the Government—

Hon. Martial Asselin: Will you allow me to rise on a point of order, before you ask your question?

Senator Tremblay: Very well.

Senator Asselin: Mr. Speaker, on a point of order I would appreciate clearing up a matter which is somewhat embarrassing to us. That point of order of course concerns the Acting Government Leader in the Senate.

We have a Question Period. And usually our questions are put to Ministers of the Crown according to our Standing Orders. Ministers of the Crown alone share Cabinet solidarity, and they alone can take the responsibility of answering for and on behalf of the Cabinet.

But we are now faced with a situation where oftentimes Ministers of the Crown in the Senate are not in attendance. I am not blaming them. We know they have Cabinet responsibilities, and from time to time they have to discharge those responsibilties outside this House.

But this deprives the Opposition of a right under our rules. I mean the right to address questions to Ministers of the Crown on all Government actions, the right to ask questions and supplementaries. Admittedly, the position of the Deputy Leader of the Government is a difficult one. He cannot himself take the responsibility of answering on behalf of the Cabinet, because he is not a Cabinet member. He must then take our questions under advisement, discuss them with the Minister who is responsible and come back to the Senate with an answer from the Minister.

This is preventing senators in this House from discharging their responsibility to seek information.

My point of order is not aimed at embarrassing the Acting Leader in the Senate. Surely he will understand as well as I do that as a senator who is not a Cabinet member and has no ministerial responsibilities, he must be careful. As much as I know him, he will not take it upon himself to make decisions involving the Cabinet, because he is not a member of the Cabinet and does not have access to the kind of information which is available to Senator Austin, who sits across the aisle from me.

If the Deputy Leader of the Government in the Senate tells us: Well I will take your questions as notice, I will get the

information and will answer according to the information I get, so be it. But this will prevent us from asking supplementaries, getting additional information. Therefore, in each instance, the Deputy Leader will have to go back to the Minister and get answers to our supplementaries, that is the additional information we are requesting.

We are in a difficult position, and so is the Deputy Leader. Unfortunately, because of the possibly protacted absence of the Government Leader in the Senate, Senator Olson, we would like to know how we are going to ask our questions?

Will the Deputy Leader take responsibility for answering questions when there are no Ministers present in the Senate? Will he accept our questions as notices, seek the required information from the Minister and advise the senator who asked the questions?

We should like to be better informed as to the extent the opposition may obtain satisfaction concerning its requests for information.

I should like to obtain the opinion of the Acting Leader as to the extent the government might commit itself to reply to the questions.

Mr. Speaker, I rise on a point of order. I suggest that we look closely at the way an ordinary senator could reply on behalf of the government to the questions of the opposition.

I am not asking this question maliciously. We just want to clear the situation and know what approach we should take concerning the Question Period.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I take this opportunity to emphasize the fact that it is only on a rare occasion that the Leader of the Government in the Senate is absent from his house during the Question Period. I should like to advise the Senate of Senator Olson's health condition. He has gone through the operation which I mentioned last week. I am very happy to report that on the day following the operation, Senator Olson was up and could walk. He has spent fewer than 48 hours in intensive care at the Civic Hospital. He is now under intensive care at the National Defence Hospital. According to his physicians, he is doing fine. He is even ahead of his expected recovery. He will continue his recovery at home.

As to the other points which Senator Asselin has raised, I think it is quite normal that Senator Olson take certain questions as notices. This occurs generally when the question implies some information which is required from a department for which another member of the Cabinet is responsible and results from the fact that the question period is meant essentially as a mechanism to obtain information.

I promise to spend as much energy as Senator Olson did to seek information from his colleagues in special cases. As I have already stated, it is quite normal for Senator Olson to contact his colleagues of the Cabinet when the question deals essentially with the administration of another department.

As to the general aspect of the question, I will try to fulfill to the best of my ability the duties of the Leader of the Government in the Senate. As to the departments which are the responsibilities of Senators Argue and Austin—

Senator Asselin: You have no departmental responsibility.

Senator Frith: Yes, I agree.

Senator Asselin: You have no ministerial responsibility.

Senator Frith: I cannot answer right away on behalf of the government. Still, I point out that Senator Olson, who can answer right away as member of the Cabinet, does take a question as notice now and then because he cannot speak for another minister. I have to consult other ministers before answering many of the questions put to me here. I cannot say what is Cabinet policy because I am not a member of the Cabinet. That is my answer in the absence of Senator Olson.

I am committing myself right now to try to get the information as soon as possible, including answers to supplementary questions. With respect to certain aspects of government policy which normally are the responsibility of Senator Olson, Senator Austin or Senator Argue will try to answer along the lines of general principles. That is how we will have to behave while waiting for the return of the Leader of the Government.

Senator Asselin: The most logical way to solve this problem would be to recommend to the Prime Minister that our colleague be temporarily appointed Minister of State until Senator Olson gets back. That might clear up the situation and ease his conscience and his professional ethics with respect to ministerial responsibility. Senator Frith is taking chances when he claims to answer questions dealing with government policy. It is decided by the Cabinet. You might find yourself in a difficult position.

Senator Frith: I take this opportunity to set the record straight. I cannot answer questions on policies decided in Cabinet meetings. If it is a general statement on government policy, Senator Argue or Senator Austin can try to answer. Otherwise, the only possibility, as Senator Olson does from time to time, is to consult ministers or try to obtain information through my colleagues.

Senator Asselin: Good luck!

EDUCATION

POST-SECONDARY—STATUS OF FUNDING

Hon. Arthur Tremblay: Honourable senators, fortunately, my question has nothing to do with the exchange we have just heard. It aims at obtaining information about a question asked during the previous session and addressed to the Leader of the Government, Senator Olson.

In passing, I should like to take this opportunity to inquire about his health. Senator Frith has just given us very good news and I am happy to hear it. I would ask him to tell Senator Olson that I wish him a speedy recovery.

My question aims at reviving one I have already asked and which died on the order paper. It concerns the progress accomplished in the negotiations about post-secondary education financing between the Federal Government and the provinces. I was more explicit when I asked Senator Olson for this information. These negotiations have been going on for quite a

while between the Secretary of State, the Honourable Mr. Joyal, and the provincial ministers responsible for post-secondary education. I asked the same question a year ago. At the time, I had received a quite satisfactory reply from Senator Olson. I am asking the same question simply to learn what progress has been made in these negotiations.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have certain information dated December 13, 1983 about established program financing. I would like to compare this information to help Senator Tremblay. I shall probably be able to give a more explicit reply within the next couple of days.

Senator Tremblay: I thank you for that information. It is not quite certain that the financing of post-secondary education can really be included in established program financing. I remind the Acting Leader of the Government that my question concerns the financing of post-secondary education, while established program financing has a wider scope, if my information is correct. I make the point simply to avoid any uncertainty about my question when a reply is prepared.

Senator Frith: I would like to examine more fully the information available to me to give a more accurate answer.

Senator Tremblay: The answer is not immediately available.

● (2100)

[*English*]

JUSTICE

ALLEGED URANIUM CARTEL—STATUS OF PROSECUTION

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I would like to address a question to the Honourable Senator Austin in his capacity as the minister who answers for Eldorado Nuclear Corporation. In 1981 charges were laid by the Crown against six companies engaged in the production of uranium. It was alleged that they had broken the law by forming a cartel in 1972 in respect of the world market for uranium. My question has to do with the decision that has been rendered by the Supreme Court of Canada to the effect that the two crown corporations, Eldorado Nuclear Corporation and Uranium Canada, owing to crown privilege, are exempt from prosecution under this charge.

My question to the minister is: In view of the fact that six companies were charged and that two are now said to be immune from prosecution, does the government intend to proceed with the case against the other four companies involved in this matter?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I shall consult with the Minister of Justice and endeavour to obtain a reply for Senator Roblin. I know the Minister of Justice answered questions on this matter in the other place at the end of last week, and he said then that he had the matter under consideration.

Senator Roblin: I thank the minister for his reply. I am sure he knows as well as I that he is in a good position to know the facts on this matter, because in 1972 he was deputy minister, and, according to some information I have seen, he was reported to have been perhaps the guiding spirit when this club of six was formed to increase the price of uranium in the world market. I presume the minister's stance, both in this house and probably before the courts, would be that nothing he or, similarly, the government did was illegal. If that is the case, why does the government not waive crown immunity and allow the charges against the two crown corporations to proceed? It seems to me that, if it did that, nothing would be lost in this matter, and perhaps a good deal would be gained, because, as one of the justices of the Supreme Court remarked, the present situation is tantamount to having a carte blanche to engage in illegal activities on behalf of the Crown and to encourage other corporate citizens to do likewise. It would be in the public interest to have this matter ventilated.

Senator Austin: Honourable senators, let me be emphatically clear at the beginning that nothing I did in my capacity as Deputy Minister of Energy, Mines and Resources was illegal, whether it related to uranium or any other subject. Nor have I ever heard any competent authority make such a suggestion. The Honourable Senator Roblin recognizes that the matters on which he is touching remain *sub judice* in terms of the substantive nature of the charges brought against certain privately-owned uranium companies in Canada. I find it difficult to comment on the proceedings inasmuch as my responsibility is limited to that of Eldorado Nuclear. However, I shall consult with the Minister of Justice and endeavour to bring an answer on the subject of waiving immunity to this house at an early time.

Senator Roblin: I appreciate my honourable friend's answer and I want him to be quite clear that I am not making an allegation that he did something he should not have done. I would not wish that to stand on the record, even by implication. But I would say to my honourable friend that it seems to me invidious that the government is contemplating proceedings against four companies but is excluding two companies simply because they are crown corporations. In some jurisdictions of this country, such as Manitoba, the privilege of the Crown has been discarded as being an outdated prerogative not in the public interest. As a result, people in Manitoba are able to sue the Crown just as they might sue any other person in the courts. So I ask my honourable friend whether he will undertake to suggest to his colleague, the Minister of Justice, that the government waive crown immunity in respect of these two companies, thereby allowing the matter to be dealt with without discrimination between private companies and public companies.

It seems to me questionable to say that we will not prosecute the private companies because we would be discriminating against them, seeing that the public ones enjoy crown immunity. The way out of the dilemma is quite easy—simply waive the crown immunity of the two corporations. Will my honourable friend undertake to propose to his colleague that he undertake that course?

Senator Austin: Honourable senators, the Crown has divisible functions, as Senator Roblin well knows, having led a

government in the province of Manitoba. In the case of one of these divisions the prosecutions against certain public and private uranium companies were launched as a result of a report of counsel in private practice in Ontario, Mr. Brown, who was asked by the Minister of Consumer and Corporate Affairs of the day to undertake investigations. He participated in an investigation conducted by the Restrictive Trade Practices Commission. As the then Minister of Justice, the Honourable Jean Chrétien, said, the government added nothing to and took nothing from the recommendation of Mr. Brown that certain prosecutions should be launched. Therefore, those proceedings were launched in the form and in the nature recommended by Mr. Brown; that is, without any interpretation or amendment of any kind by the Minister of Justice or the law officers of the Crown. Those proceedings are under way at this time. As Senator Roblin well knows the Crown felt obliged on the advice of its law officers to plead the government's ancient entitlement to crown immunity.

The Supreme Court of Canada has found that the Crown has crown immunity with respect to two crown corporations, those being Eldorado and Uranium Canada. I have not read the judgment of the Supreme Court of Canada in this regard but I have heard reports.

I have heard Senator Roblin's representations. I am not certain what the rights of the Minister of Justice are with respect to the proceedings as they now stand, or what position he is prepared to take. However, in my capacity as a minister of the Crown I will make inquiries and, if it is appropriate for me to respond in this chamber on behalf of the Minister of Justice, then I will be pleased to do so.

Senator Roblin: Honourable senators, I think my honourable friend's sketch of the history is correct. It is commendable that the Minister of Consumer and Corporate Affairs and the crown officials took the course they followed. However, the point I wish to make with the minister is that he is the minister responsible for Eldorado; if any consents are required to waive the crown immunity, then his is probably one of those which will be sought. In his capacity as minister responsible for Eldorado will he tell this chamber that he is willing to agree to a waiver of immunity in the way in which I have suggested?

Senator Austin: As the minister responsible for Eldorado I cannot reply to that without first receiving the advice of the Minister of Justice, who I am sure will solicit the advice of the law officers of the Crown. Thus, at this moment I am not in a position to give any response, except to say that I will make inquiries of the Minister of Justice in an expeditious way and will, where he so advises, pass the results of those inquiries on to this chamber.

Senator Roblin: Honourable senators, I appreciate what the minister has said. With respect to the same subject there are two other points which I ask my honourable friend to advise me on. How many other crown corporations are there which enjoy the position of crown immunity?

Senator Austin: Honourable senators, I can only take notice of that question for the Minister of Justice. I think it would be helpful if Senator Roblin were able to describe an actual circumstance, since crown immunity only arises under certain given circumstances. If he has something specific in mind, I would be pleased to hear it and pass it on to the Minister of Justice; if he is asking a hypothetical question, I will, of course, pass that on to the Minister of Justice as well, but I think it would probably be less likely to elicit a helpful response.

Senator Roblin: I am afraid I cannot give my honourable friend the information he seeks; I do not think it is necessary. There are a great variety of crown corporations directly or remotely connected with the Crown. If the minister asks the Department of Justice to which of those corporations the principle of crown immunity applies, I am sure he will be able to find the answer. It is important that we know how extensive this privilege is.

After my honourable friend has provided that information I would then ask him to inform us whether or not the government has any intention to reconsider the issue of crown immunity in respect of the circumstances we find ourselves in today. This may be somewhat an exaggeration, but as time passes more and more crown corporations are created and more and more crown activities are approved in normal commercial fields. If the principle of crown immunity applies to those corporations in the way it applies to these uranium miners, we will find the rights and privileges of Canadian citizens being seriously circumscribed.

A very important question of policy has been raised in this issue and I ask my honourable friend to inquire of the Minister of Justice whether or not he can provide a statement to us regarding what types of crown corporations are eligible for crown immunity. I would then ask my honourable friend to give a statement of government policy with respect to whether the government intends to allow this situation to continue or whether it intends to do something about it.

Senator Austin: Honourable senators, I will certainly make the inquiries of the Minister of Justice which I have indicated previously and which Senator Roblin has repeated in his last question. I will endeavour to be as helpful as I can with respect to the advice of the Minister of Justice.

With respect to the general subject I would like to say in passing that, although I have not seen the decision of the Supreme Court of Canada with respect to Eldorado and Uranium Canada, I believe it does not affect either positively or negatively the legal position of the remaining companies which have been charged with respect to export sales of uranium. I certainly do not want to leave any implication that those privately owned are in any way guilty of illegal activity. I am sure Senator Roblin does not want to leave that implication. This is a matter which remains before the courts and which is not judged or affected by the current ruling of the Supreme Court of Canada.

Senator Roblin: Honourable senators, I agree entirely with my honourable friend's view in this respect; however, it begs the question. That is not the point at all. The point was raised

very eloquently by Mr. Justice Dickson, who said that there seems to be a conflict with the basic notions of equality before the law. That is the real point here. Mr. Justice Dickson went on to say that that is the current state of affairs and that the court is not entitled to question the basic concept of crown immunity. In reading the dissenting judgment of Madam Justice Wilson, honourable senators will see that she pinpoints the issue more directly and expresses the very firm opinion that to rule as the court has done gives carte blanche to crown corporations to do what they like. Of course, they are not likely to do what they like in any broad or significant sense; the fact is that these two corporations have done something which is certainly questionable. The fact that they can avoid judicial examination seems to Mr. Justice Dickson to run against the principle of equality before the law. I think he is right.

Senator Austin: Honourable senators, I hope this will be my last word on this subject. I agree with Senator Roblin that it is appropriate to ask the question with respect to the policy of the application of crown immunity in regard to activities of a commercial nature. It is not a question of law which I understand the honourable senator to be putting to this chamber. I understand his question to be with respect to policy. It is not my purpose at this moment to deal with either the question of law or the question of policy. However, on those questions I will pursue the information which Senator Roblin seeks.

Senator Roblin: Thank you. I wish to make it clear that I am not interested in the minister's opinion with respect to questions of law. No doubt his opinion is valuable. That is not my point; I am interested in the government's policy.

• (2120)

WRONGFUL IMPRISONMENT—CIVIL LIABILITY

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Deputy Leader of the Government in the Senate. He will recall that I previously raised in this chamber a question regarding Donald Marshall, a young Micmac Indian from Nova Scotia who spent 11 years of his life incarcerated in Dorchester Penitentiary for a crime which the courts now say he did not commit.

I was pleased to hear that some progress had been made by the Leader of the Government in the Senate as a result of his surgery. However, it was to him that I posed the original question regarding this matter and I have been awaiting a response.

The federal Minister of Justice has made a statement regarding this case, as has the Minister of Indian Affairs and Northern Development. I am aware that, even if the Deputy Leader of the Government were a member of the cabinet, he could not divulge what is discussed there; but perhaps he could find out, through discussion with these two departments, whether any consideration is being given to compensating Mr. Marshall for the years he spent in jail for a crime he did not commit. Could he also find out whether consideration is being given to looking after this man's legal fees and whether there are any discussions going on between the federal Minister of Justice and the Attorney General of the Province of Nova Scotia regarding the whole subject?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I think it is quite proper for Senator Muir to ask me to find out if the subject is under consideration. It is also reasonable for him to ask whether any discussions are taking place between the federal Minister of Justice and his provincial counterpart, and I shall try to obtain that information.

COMMITTEE OF SELECTION

FIRST REPORT ADOPTED

The Senate proceeded to consideration of the First Report of the Committee of Selection, which was presented earlier today.

Hon. William J. Petten: Honourable senators, I move, seconded by the Honourable Senator Bonnell, that the report be now adopted.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I believe this is the motion on the Speaker *pro tem.* One of the senators asked for an explanation on this matter and my honourable friend, Senator Petten, promised to favour us with one.

Senator Petten: Honourable senators, representatives of the leadership of both sides of the chamber met, and decided that the appointment of Speaker *pro tem* would be in order. Senator Molgat was approached; he agreed to serve, and it is my understanding that this is what we are now voting on.

However, the acting leader, Senator Frith, attended those meetings and I did not, and perhaps he would like to add something to what I have already said.

Hon. Royce Frith (Acting Leader of the Government): I would like to remind honourable senators that some time ago our previous Speaker, Senator Marchand, asked that we consider the appointment of a Speaker *pro tem.* The idea was discussed by Senator Flynn, Senator Olson and me and the matter was then referred to the Committee on Standing Rules and Orders and was the subject of considerable discussion and debate in that committee.

The committee decided to recommend that the rules be changed to provide for a Speaker *pro tem* to act in the absence of the Speaker. However, payment for the position would require an amendment to the legislation and the decision of the committee was that, when it made its report, it would not recommend that the legislation be amended at this time but that the position be set up and that the rules be amended accordingly.

That report was adopted by the Senate, and the rules were changed accordingly with the proviso that the provision was not to take effect until the new session.

The Committee of Selection was charged with the responsibility of making a report to the Senate regarding the appointment of a Speaker *pro tem.* Discussions then took place betweeen the leaders as to who would be an appropriate person. The name of Senator Molgat was suggested. He was asked and agreed to serve. That is the background of this report which deals only with the question of the Speaker *pro tem.*

Senator Roblin: Senator Molgat has maintained a becoming silence. If he would just nod his head to indicate his interest in accepting this offer, it would reassure me.

Motion agreed to.

SECOND REPORT ADOPTED

The Senate proceeded to consideration of the Second Report of the Committee of Selection, which was presented earlier today.

Hon. William J. Petten: Honourable senators, I move, seconded by the Honourable Senator Bonnell, that the report be now adopted.

Hon. David A. Croll: Honourable senators, I am opposed to the motion for reasons which I shall state on another appropriate occasion. Moreover, I am opposed to any amendment to the motion at any stage where my name is used without my prior consent having been received.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I would like to make a small observation here in connection with a change to our rules which indicates that the leaders on either side of the house or their deputies may be *ex officio* members of committees, depending on who happens to be present at a meeting. In other words, if Senator Flynn appears at a committee *ex officio*, then I as his deputy shall not. However, if he is not there and I do appear, then I am accorded the honour of being an *ex officio* member.

I suggested that some indication of this change in our rules be offered in the list. Unfortunately, I do not have a copy of the new list that was circulated earlier this evening. However, I would like to be informed whether or not the change in the rules allowing for the possibility of two *ex officio* members is indicated on our sheet.

Senator Petten: It is on my sheet, Senator Roblin.

Senator Roblin: Thank you. I just did not have the latest copy.

Motion agreed to.

INCOME TAX

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-2

Leave having been given to revert to Notices of Motion:

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

[Senator Frith.]

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-2, intituled: "An Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971," in advance of the said bill coming before the Senate, or any matter relating thereto.

• (2130)

He said: Honourable senators, this motion is intended to provide an opportunity for the Standing Committee on Banking, Trade and Commerce to conduct a pre-study on what has become known as the income tax amendments bill. These amendments flow from the budget and the committee is geared to commence its pre-study tomorrow.

The other place has adopted a house order to accelerate its consideration of this bill. That house order provides that there will be a maximum of 20 minutes' debate given to each party. That debate is to commence at 3 o'clock in the afternoon of Wednesday of this week. That house order also states that the bill will be voted on at third reading, with all necessary questions being put, no later than 4 o'clock. That assumes that each of the three parties uses its full 20 minutes.

There is also an agreement that there will be a 15-minute bell. That means that this bill will be voted on at third reading and probably passed by the other place on Wednesday of this week at approximately 4:30 p.m.

For reasons that I hope will commend themselves to honourable senators, this bill must be passed by the end of this year. There are good reasons for that, and I intend to explain some of them later. If we are to pass this bill by the end of this year, we will have to sit on Thursday and Friday of this week or between Christmas and the New Year. This will have to be discussed by the leadership in the Senate, as well as by the two caucuses.

There are various possibilities. We could sit on Wednesday evening and resume early Thursday morning, at which time we would have the report from the committee on the pre-study and could debate the matter until we felt we had had sufficient debate. On the other hand, we could go into Committee of the Whole and have the minister present to answer questions.

I am ready to attempt to arrange whatever the leadership in the Senate and the two caucuses wish to have happen, but I am bound to advise honourable senators that the government wishes to have this bill passed by the end of the year.

When it became apparent that we would not receive the bill until Wednesday, I asked why it required passage by the end of the year, and the reasons I was given I shall put on the record in a moment so that all honourable senators can read them tomorrow, since we do not have to deal with this matter until Wednesday when the bill is received. One reason most honourable senators are familiar with is that a number of the measures proposed in the tax legislation affect 1983 T-1 returns filed by low and middle-income taxpayers. Typically, because they receive refunds they file their tax returns early.

Revenue Canada normally issues the first refunds during the month of February. So, for that good reason, it would be highly desirable to have this bill passed before Parliament adjourns for Christmas.

The more significant change proposed is to the child tax credit. I will not go into much detail, but it is estimated that over 3 million taxpayers will be affected by that change in 1983. There are also the employment expense deduction, which would benefit approximately 1.5 million low-income earners, and the child care expenses measure which, it is estimated, will affect 500,000 taxpayers.

The deduction of up to $10,000 in taxable income for the purchase of newly constructed homes will affect 250,000 taxpayers, and the investment tax credit will affect approximately 150,000 taxpayers. Approximately 10,000 farmers and fishermen will be affected by the technical amendment altering the manner in which investment tax credits are claimed.

In terms of information I have received separately, one of the most important reasons the three parties in the other place have agreed to complete this matter before the end of the year touches on the scientific research and development tax credit. I understand that important benefits—important enough to affect the solvency of some larger companies in that field—will be given to those companies and that the banks do not wish to advance credit unless those amendments are passed.

I have not received any more detail than that. Those, in any event, are some of the changes to be made, if the bill is passed. There are other amendments, but the number of taxpayers affected by those other amendments is not added to the numbers I gave you earlier. These figures do not pile up on top of each other, because some of them overlap. The estimate I asked for and was given was that approximately 3 million taxpayers will be involved in these changes.

That puts us in a very undesirable squeeze. Those of us who have been here for some time will not find it unusual to have this kind of pressure put on us at this time of the year, but this year the pressure itself is unusual in that we had planned to adjourn on December 21, but we will not receive the bill until the close of that day; so it is obvious that a lot of pressure is being put on us.

Honourable senators might be wondering why we should stay if the other place must adjourn on December 21. I am advised that the House of Commons cannot adjourn, because, if it does adjourn, under its rules it cannot resume until January 16, but, if it does not adjourn, then Wednesday continues, so to speak, so that we can complete our consideration and the members of the House of Commons can participate in Royal Assent.

I do not find it particularly enjoyable to tell honourable senators that that is the pressure we are going to be under on Wednesday afternoon, but I thought the least I could do—

Hon. Martial Asselin: This is not the first time.

Senator Frith: No, this is not the first time.

Senator Asselin: That is usual for the Senate.

Senator Frith: As I just tried to explain, Senator Asselin, it is not at all unusual for us to be put in this position; all I tried to do was underline that the pressure is unusually high this year.

Senator Asselin: Are you saying we should teach them a lesson?

Senator Frith: All I can do is be very frank and honest with you. That is exactly how the matter stands, and that is why I wanted to give honourable senators as much notice as possible and not spring this on them on any shorter notice than I have already given.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I would be less than frank, if I were to say that I am surprised the Senate is faced with a conundrum of this sort in the last days of this year, because, as Senator Asselin has stated, it has become a custom, a practice—and it is a very bad practice—to present deadlines to the Senate which are not of its making.

While I appreciate the sympathetic tone in which the Acting Leader of the Government has presented this problem to us, I have to tell him that he has a lot more influence on the other side than I have. However, I am willing to get behind him and push, if it will help him to bring home to the managers of the business in the House of Commons the unfairness of the request that they are making of this house to deal with a matter in such a hasty fashion. I have no objection that the subject matter of the bill be sent to committee for pre-study. We have done that before and we will probably do it again. Therefore, I am not opposing that part of my honourable friend's proposal; I am prepared to support it; but I am certainly not prepared this evening to give an opinion on what we should do.

• (2140)

First of all, I have not seen the bill. I do not think anybody in the opposition has seen the bill yet. I doubt whether the government has seen it. From the abbreviated second reading, which my honourable friend treated us to with respect to what is in it, I have formed one conclusion and that is that it is an important bill. If it affects 3 million taxpayers of this country, it has to be a very important bill. If there are half a dozen different clauses with respect to different categories of taxpayers, you underline again the significance of the legislation which we are asked to deal with. Subject, of course, to more knowledge when I actually see the legislation, I think it is unreasonable that we should be confronted with this bill for first reading late in the afternoon on Wednesday, when, according to any previous information we have had, we were expecting to conclude our session before the Christmas holiday.

I should like to tell my honourable friend that I am quite willing to give consideration to the inference contained in his proposal, that is, that we pass it this week or else, and I am quite willing to examine it with as open a mind as I can bring to this questions. However, I think that the credibility of the Senate is something that must concern us all. If we are nothing

but a formality to be got through as quickly as possible, obviously, that does not reflect in a favourable way on our reason of existence. "Sober second thoughts," they say. Well, you require a little time for sober second thoughts. It seems to me that we would be subject to some criticisms, if we bowed to the pressure that is being attempted to be imposed upon us. I do not blame my honourable friend. I do not think he is doing any pressuring, but I have to tell him that he is our bulwark, and if he does not stand up to those fellows over there,I do not know what we can do about it. I promise him that, if he does take a stand, I will support him to the hilt.

With respect to the issue before us this evening, my reaction is that I do not oppose its being referred to committee tomorrow, but I think that, not having seen the bill, it is premature to come to any conclusions on how to handle it. It is particularly premature, when it is not even in our house in any official way. I propose to reserve any decisions that we may have with respect to leave, or matters of that kind, until we know more about the issue with which we are faced. I should like to reiterate that there is some disposition on all sides of the house to take this matter very seriously and to see if we cannot come to a common stand on the way in which we should treat this particular piece of legislation. If it were something relatively innocuous, there would be no reason to be overzealous in dealing with the forms of Parliament; but when it is a bill that concerns 3 million people in a wide category of different taxpayers, that is something which I want to know something about. It may well be that, in our committee, we will want to hear what people have to say. If by any chance the House of Commons amends its proposition—and that has happened before—and in the closing hours of Wednesday we receive an amended bill, where will that leave us, not having had any opportunity to consider those amendments? That may not happen this time, but it certainly has happened before with respect to tax matters, and it would be wise to take that possibility into consideration.

I thank my honourable friend for his candour in exposing the problem to us, but so far as we are concerned on this side we will wait a while before deciding what we should do.

Senator Frith: Honourable senators, we cannot reasonably ask for anything more than what Senator Roblin has proposed. I appreciate that he has separated the motion from the advice I gave as to the state of play. Of course, I am not asking honourable senators to do anything with the bill; I am merely letting them know in advance what the situation will be so that they can think about it and give it consideration. I ask only that we pass the motion to refer it to committee, and then give thought—

Senator Asselin: You are only asking that we pass the motion this evening?

Senator Frith: That is correct, because we do not have the bill yet, as Senator Roblin said. All I did in the second part of my exposé was to try to give honourable senators as much notice as possible, without asking them to give any undertaking at all, and, quite reasonably, Senator Roblin gave none; and I would not have expected that he should.

[Senator Roblin.]

I ask honourable senators to support the motion and simply to give consideration to the other aspects, and, hopefully, we can get together with some solutions.

Senator Asselin: Now we start the fight.

Hon. Robert Muir: Honourable senators, before we deal with the motion, may I say that Senator Roblin has spoken very eloquently, as he always does; Senator Frith has spoken eloquently, too, giving many reasons why this bill should go ahead. However, can Senator Frith give us the reasons for the government's poor planning in bringing this bill forward at this point in time, and for the house leaders in the other place saying that they are going to have 20 minutes each to debate it in the other place and then whip it through? Then, they are going to shunt it over to this place at the last minute. I do not mind staying longer than was anticipated. Senator Asselin and other honourable senators who spent years in the other place will recall getting back to our constituencies on Christmas Eve. So I am not complaining about that. However, if we proceed in this manner, the first thing we will read in the press and hear from those in the other place—not a word about how short a time they dealt with it—will be that it came to this chamber and was whistled through, that we did not discuss it thoroughly.

Cannot Senator Frith endeavour to find out why we cannot handle such business more efficiently? It seems to me that every Christmas recess, every Easter recess and every summer break the same story unfolds from the government in power. They keep saying, "Be good boys and girls in the other place and be good boys and girls in this place; put everything through in a great hurry; don't examine it thoroughly; and we will let you go home!"

I think Senator Roblin is quite correct in saying that a tremendous amount of thought has to be given to this bill, and perhaps we could bring the other place back for Royal Assent on New Year's Eve or New Year's Day. It might be in order.

Senator Frith: I do not think I can add anything.

Motion agreed to.

BUSINESS OF THE SENATE

NOTICE OF COMMITTEE MEETINGS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, the committee to which the subject matter of Bill C-2 has just been referred will be meeting at 9.30 tomorrow morning, and I had made tentative arrangements, which I can now confirm, to have the committee meet in Room 356-S. That committee also wishes to sit tomorrow afternoon, and it has arranged for the attendance of its advisors and officials from the department both tomorrow morning and tomorrow afternoon. Therefore, the chairman of the committee has asked me to ask for leave, notwithstanding rule 45(1)(a), to move:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate

is sitting tomorrow, Tuesday, December 20, 1983, and that rule 76(4) be suspended in relation thereto.

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

• (2150)

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, perhaps it would be unwise of us to give leave to approve of this matter now. I suggest that the committee meet tomorrow morning and assess the work before it and other matters relevant to the decision. We, on this side, would be prepared to discuss this matter tomorrow afternoon but not this evening.

Senator Frith: Honourable senators, since leave has not been granted, the matter should be treated as a notice of motion and appear under Motions tomorrow.

Honourable senators, I am advised that two of the committees, whose composition we approved earlier on Senator Petten's motion, will be holding organization meetings tomorrow.

The Standing Committee on Internal Economy, Budgets and Administration will hold an organization meeting at 12 noon in Room 260-N.

Senator Asselin advises me that the Standing Senate Committee on Foreign Affairs will hold an organization meeting tomorrow at 11 a.m. in Room 256-S.

The Standing Senate Committee on Banking, Trade and Commerce will hold a full meeting at 9.30 a.m., whereas the other two committee meetings will be of an organizational nature.

Senator Roblin: Honourable senators, if the meeting of the Internal Economy Committee is an organizational one, it means that it does not have pressing business before it. Therefore, I would like to suggest that it choose another time.

I have to say, quite frankly, that our caucus meets at 12 noon tomorrow, and we will not be able to attend that committee meeting. Therefore, if it meets the convenience of the respective chairmen, I should like to suggest that it meet at a later time. We will probably have lots of time on Tuesday afternoon.

Senator Frith: I know, honourable senators, that the Internal Economy Committee has some urgent business to deal with tomorrow, but I am not sure that it is necessary for it to do so at 12 noon. I do not know whether Senator Graham, the past chairman of that committee, can help us in any way. I do know that there is some pressing business regarding budgets still under consideration by the committee that he had the honour to chair during the last session. Perhaps he can help us.

Hon. B. Alasdair Graham: Honourable senators, I have no authority to speak as chairman of any committee, but I can make the suggestion, as a member of the committee that was approved earlier this evening, that the committee meet at 11 o'clock tomorrow morning with respect to the organizational aspects.

I know that the revised budget of the Special Joint Committee on Senate Reform must be approved by the Internal Economy Committee. I am sure members of the committee would like to get under way with dealing with that particular budget as early as possible.

If it is agreeable to honourable senators on the other side, I am sure that the members of the committee would agree that it would be convenient to meet at 11 o'clock for a very short time.

Senator Roblin: I hate to be a nuisance on this matter, but I think that is unreasonable. If the Banking Committee meets at 9.30, and the Foreign Affairs Committee at 11.30, there will be some problem if this committee meets at 11 o'clock. What is to prevent the committee meeting after the Senate rises on Tuesday afternoon? That seems to me to be a reasonable proposition, and I suggest it for consideration.

Senator Frith: The problem is that the Standing Senate Committee on Energy and Natural Resources wishes to meet when the Senate rises tomorrow.

Honourable senators, perhaps we cannot settle this matter in the chamber. However, since requests have been made, perhaps the concerns of Senator Roblin will be taken into consideration by those organizing these committees to see that overlapping does not occur.

Senator Graham: For clarification, on behalf of the members of the committee, perhaps it would be in order to have the organization meeting at 1.30 p.m., if that would suit the Acting Leader of the Opposition.

Senator Roblin: I think that is very accommodating. I would be glad to accept that proposal.

Senator Frith: Therefore, honourable senators, the Standing Senate Committee on Banking, Trade and Commerce will meet at 9.30 a.m. to consider the subject matter of Bill C-2; the Standing Senate Committee on Foreign Affairs will have an organization meeting at 11 a.m.; the Standing Committee on Internal Economy, Budgets and Administration will meet at 1.30 p.m.; and the Standing Senate Committee on Energy and Natural Resources will meet when the Senate rises.

Senator Roblin: That is better.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 20, 1983

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

Prayers.

[*Translation*]

DISTINGUISHED VISITORS IN GALLERY

MR. HABIB THIAM, PRESIDENT OF THE NATIONAL ASSEMBLY OF SENEGAL, AND MRS. THIAM

The Hon. the Speaker: Honourable senators, I wish to draw your attention to the presence in our gallery of Mr. Habib Thiam, President of the National Assembly of Senegal, and Mrs. Thiam. Mr. Thiam is also President of the Association internationale des parlementaires de langue française. Last night, Mr. Thiam, as chancellor of the Ordre de la Pléiade, gave the decorations to the recipients of this order, including the Right Honourable Pierre Elliott Trudeau, the Honourable Robert Stanfield and the Honourable Gildas Molgat.

Hon. Senators: Hear, hear.

Hon. Martial Asselin: Mr. Speaker, honourable senators, with your leave I shall, as vice-chairman of the Canadian chapter of this association, say a few words about our guests and perhaps inform our English-speaking compatriots on the objectives of our international association.

The AIPLF, which stands for Association internationale des parlementaires de langue française, has a membership of parliamentarians from forty countries who use French in their parliamentary proceedings.

The objectives of the association are to promote cultural exchange and use of the French language among our own members and at the international level.

It is also one of our objectives to facilitate the cultural and economic development of our members. Our discussions deal not only with language and communications but also with cultural and economic exchange among the various parliaments, since this is an association for parliamentarians.

This year, we were honoured to have as international President Mr. Habib Thiam, who for several years was a Minister in Senegal and then Prime Minister, under the presidency of Mr. Diouf. With him in the gallery are his wife and Mr. Christian Valentin, one of our African parliamentarians who has worked very hard to promote and expand the use of the French language through the parliaments of this world.

The ambassador of Senegal is also present, accompanied by his wife.

I would like to add that the parliamentary secretary of the association in Senegal, Mr. Seydou Ba, is also with His Excellency Mr. Thiam.

As the Canadian national vice-president of this association, I wish to extend on behalf of the Senate a very cordial welcome to His Excellency, with the assurance that the Senate fully understands the purpose and objectives of our association. We wish him a very pleasant stay here in Canada.

Hon. Senators: Hear, hear.

[*English*]

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (GERALD HARVEY FUDGE AND AUDREY MARIE SAUNDERS)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-2, to provide an exception from the public general law relating to marriage in the case of Gerald Harvey Fudge and Audrey Marie Saunders.

Bill read first time.

[*Translation*]

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Fernand-E. Leblanc: I move that this bill be placed on the Orders of the Day for second reading on Monday, January 16, 1984.

The Hon. the Speaker: Is it the pleasure of honourable senators to adopt this motion?

Hon. Martial Asselin: I have not heard the date which Senator Leblanc has suggested for second reading.

Senator Leblanc: I suggested January 16, 1984, because the House of Commons will return on that date. If for whatever reason the Senate does not sit on that day, second reading would take place as soon as we return.

Hon. Royce Frith (Acting Leader of the Government): I should like to explain that although the date of January 16, 1984, has been chosen, it should not be inferred automatically that the Senate will return on January 16. That date has been chosen because it is the date on which the other place should return, under its Standing Orders. For the time being, we are planning to return either on January 23 or 24; the bill, therefore, will be automatically placed on the Orders of the Day for second reading on the date of our return.

Senator Asselin: That is why I am asking if it would not have been easier to place this bill on the Orders of the Day for second reading on the date of our return, namely, January 24. Is there any reason why second reading should not be set on the date of our return?

Senator Frith: We have not yet decided when the Senate will return. The date of our return, for the time being, is the one which has been suggested, although it has been discussed

in the House. The decision is not yet final. I have no objection for the second reading to take place on January 24, even if no final decision has been made concerning the date of our return.

[*English*]

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, would it not be advisable to have the resolution framed in those terms so that it could be called whenever it was appropriate in terms of our own plans? If the date is fixed as January 16 and the Senate does not sit on that day, then what becomes of the order of the Senate?

Senator Frith: Honourable senators, I have received an opinion I asked for, for the reasons stated by Senators Asselin and Roblin. If the Senate does not sit on the sixteenth, I am advised that the result will be that this resolution will appear on the Orders of the Day on whatever date we do return. I have no difficulty with January 23 or 24, if Senator Leblanc wishes to change the date.

I wish to make it clear that this does not mean we are now settling that we will return on January 23 or 24. It is up to Senator Leblanc, if he wishes, to change the date.

[*Translation*]

Senator Leblanc: Honourable senators, if you want me to change the proposed date for second reading, I have no objection. Furthermore, as Senator Frith said, both parties have not yet agreed on a date. Now, January 16 will not necessarily become the official date. We simply chose that date because the House of Commons will return on January 16.

Senator Frith: Honourable senators, whatever date is chosen, chances are that we will sit on the 24th.

Senator Asselin: The opposition closes the session, as the saying goes, the government reopens it. The honourable senator should know the date of our return.

Senator Frith: We only want to set the date for the second reading of the bill.

Senator Leblanc: Under the circumstances, I move that the bill be placed on the Orders of the Day for second reading on January 24, 1984.

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

Some Hon. Senators: Agreed.

Motion agreed to.

MARRIAGE LAW EXEMPTION (LOUIS-PHILIPPE NADEAU AND THÉRÈSE RITA BRULÉ)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-3, to provide an exception from the public general law relating to marriage in the case of Louis-Philippe Nadeau and Thérèse Rita Brulé.

Bill read first time.

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

Senator Leblanc: Honourable senators, I move that the bill be placed on the Orders of the Day for second reading on Monday, January 16, 1984.

Hon. Martial Asselin: Mr. Speaker, I make the same remarks as for the previous bill.

Hon. Royce Frith (Acting Leader of the Government): Now, it is January 24.

Senator Asselin: It seems to me that Senator Leblanc said January 16.

Senator Leblanc: I did say January 16, but if you insist on January 24, I have no objection whatsoever. As to the other two bills I will introduce in a few minutes, I can move that they too be placed on the Orders of the Day for January 24.

Senator Asselin: Agreed.

Senator Frith: Agreed.

Senator Leblanc: Under the circumstances, I move that this bill be placed on the Orders of the Day for second reading on Tuesday, January 24, 1984.

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

• (1410)

[*English*]

Senator Frith: Honourable senators, we have agreed that we shall postpone second reading on all four of these bills until January 24 next.

Motion agreed to.

[*Translation*]

MARRIAGE LAW EXEMPTION (ERNEST HODEL AND NORMA DORA LAURIE)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-4, to provide an exception from the public general law relating to marriage in the case of Ernest Hodel and Norma Dora Laudie.

Bill read the first time.

Senator Leblanc moved that the bill be placed on the Orders of the Day for second reading on Tuesday, January 24, 1984.

Motion agreed to.

MARRIAGE LAW EXEMPTION (BENJAMIN JOSHEPH ANDRADE AND HEATHER WINNIFRED ANDRADE)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-5, to provide an exception from the public general law relating to marriage in the case of Benjamin Josheph Andrade and Heather Winnifred Andrade.

Bill read the first time.

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

Hon. Martial Asselin: Honourable senators, I think the sponsor of the bill ought to give us an explanation on the nature of those bills. For instance, is this a case of an uncle wanting to marry his niece?

Senator Leblanc: Allow me to introduce the fourth bill, then I will be pleased to answer you.

So, I move that this bill be placed on the Orders of the Day for second reading on Tuesday, January 24, 1984.

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

Senator Asselin: Before we adopt the motion, honourable senators, I would ask the sponsor of the bill to give us an explanation about the four bills he has just presented for first reading.

Senator Leblanc: In three cases, honourable senators, uncles want to marry their niece, for whatever reason. In the other case, an aunt wants to marry her nephew. When this bill comes up for second reading, I will be available to provide satisfactory explanations to all senators, with a view to making those people happy. We thought we would offer them a Christmas gift by presenting the bill for first reading immediately.

Senator Asselin: A Christmas gift!

Motion agreed to.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a report approving the budget of the Special Committee on Senate Reform.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

STANDING COMMITTEES

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

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That for the duration of the present session and pursuant to rule 76(3), any select committee may meet during an adjournment of the Senate which exceeds a week.

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

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I am disturbed that so many of these motions are made requesting leave. It seems to me that that is an abuse of the process. The reason we require a notice of motion is in order to allow honourable senators to give consideration to the proposal made. I am quite willing to admit that some of these proposals could be handled quite expeditiously as they are not all that difficult to understand. Unless there is a good reason why leave should be sought, we ought to proceed in the normal way, despite the fact that a motion like this is perhaps non-controversial. If there is any good reason why we should seek leave today, I am willing to hear it; otherwise, I suggest that we take this notice of motion and discuss it and vote on it tomorrow.

Senator Frith: No problem.

Hon. John M. Godfrey: Honourable senators, I thought we had agreed several years ago that when leave was being asked for, some explanation should be given. That does not seem to have been the practice lately.

Senator Frith: Honourable senators, in most cases when I ask for leave I say that I am prepared to give an explanation, and I believe I have said that without exception. I agree that that practice has started, and if I have fallen down in not observing it, it is not intentionally because when leave is being asked for it is very definitely in order that an explanation be asked for and given.

• (1420)

The idea has been discussed on and off over the last few months. There is no reason why we should not look at it further to decide whether we want to change this practice of granting permission to sit during an adjournment of the Senate. As Senator Roblin has suggested, we will treat it as a Notice of Motion, and it will appear as a motion tomorrow.

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government) moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, I gave notice of this motion yesterday, when Senator Roblin suggested we consider it today. That is my explanation for asking for leave to bring forward the motion appearing in my name under Motions.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I am beginning to feel rather uncomfortable because every time my honourable friend asks for leave I find it hard to agree with him.

I have a long-standing opinion to the effect that our custom in the Senate to avoid overlapping meetings of committees with sittings of the Senate is good and we should not allow overlapping unless there is some compelling reason.

This is particularly the case today because some of us, at least, want to hear Senator Macdonald's contribution to the Throne Speech debate, which we will be unable to do if this motion is agreed to. Senator Macdonald is, fortunately, one of those men you can rely upon to be brief and to the point. I feel his speech this afternoon will undoubtedly fit that general description; it will not take very long. Therefore, it will not interfere a great deal with the meeting of the committee.

While I do not anticipate an extensive Question Period—if that is bothering my honourable friend, the Acting Leader of the Government—I think it would be appropriate for us to have Question Period, which, as far as I can tell, is going to be short. Then we can immediately proceed to deal with the languages resolution, hear Senator Macdonald, and go off to our committee with a light and easy heart.

Senator Frith: Honourable senators, it is my understanding that Senator Graham will also be participating in the Throne Speech debate this afternoon. As all honourable senators know, he enjoys the same reputation for clarity, limpidity and succinctness, so I am sure he will not be that long either. Of course, I am in the hands of the Senate. Perhaps Senator Barrow can tell us if some time later than 2.30 p.m. would be satisfactory.

I take it that we are now dealing with the motion itself to allow that committee to meet while the Senate is sitting this afternoon. I have mentioned a time of 2.30 this afternoon, and it seems to me, if I understand Senator Roblin correctly, that the question simply concerns the time the committee should meet and not whether it should have the power to do so.

Can Senator Barrow have leave to explain whether that would work out in a way that would suit Senators Macdonald, Roblin and Graham and the committee members?

Senator Roblin: I think my honourable friend has two things mixed up here. The question before us is the question of leave.

Senator Frith: Leave to bring it forward.

Senator Roblin: The question is one of leave to bring it forward; that is what I am talking about. Until that matter is settled, we do not discuss the substance of the motion. In order to be co-operative and helpful, however, I would suggest that honourable senators agree informally among themselves that they might assert a certain psychological pressure, shall I say, on Senator Macdonald and Senator Graham by agreeing that the committee will meet at 4 o'clock this afternoon for a couple of hours of good work on Bill C-2.

Hon. A. Irvine Barrow: That is agreeable to me, honourable senators. Although the witnesses are scheduled to appear at 2.30 this afternoon, I will ask them to delay their appearance until 4 o'clock.

Senator Frith: It seems to me, honourable senators, that I can now deal with the motion in due course. I therefore withdraw my request for leave.

Hon. David Walker: Does my friend realize that the government was defeated this morning in the House of Commons on a motion in Committee of the Whole, and is it a fact that the government is seriously considering resigning?

Senator Frith: Honourable senators, I think the two questions would properly be brought up in Question Period.

Senator Walker: But this is so serious—it affects your career.

Senator Frith: As soon as Question Period is called, Senator Austin—

Senator Walker: Senator Austin—God forbid!

Senator Frith: As I was saying, honourable senators, Senator Austin and I will try to deal with the very nice parliamentary point raised by my learned friend.

QUESTION PERIOD

[*English*]

THE CABINET

STATEMENTS BY MINISTERS BEFORE ROYAL COMMISSION

Hon. Lowell Murray: Honourable senators, I should like to ask the Deputy Leader of the Government whether the Minister of Transport was speaking for the government when he stated before the Macdonald royal commission that federal projects involving research and development are too often located in what he called Ottawa's "Silicon Valley."

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will try to find out.

Senator Murray: At the same time, will the deputy leader try to obtain from the Prime Minister a statement clarifying whether, when ministers appear before the Macdonald royal commission, the rule of cabinet solidarity is somehow placed in suspension? Mr. Axworthy is not the first minister to have appeared before that commission. Several others have done so, including, I believe, the Honourable Don Johnston and the Honourable André Ouellet, expressing what may have been government policy or what may have been personal opinions. Will the deputy leader undertake to obtain a statement from the Prime Minister on that matter?

• (1430)

Senator Frith: Honourable senators, as I recall, two of the cabinet ministers stated that they were speaking for themselves, but I do not remember that being said in the case of Mr. Axworthy. Senator Murray first asked me to try to obtain a statement on the subject, but then, in closing, he asked me to undertake to obtain a statement. I will not undertake to provide a statement, but I shall try to obtain clarification of the matter, which, I think, is the essence of the honourable senator's question.

Senator Murray: I trust the deputy leader is not in the same position as his friend, the Prime Minister of Dominica, who admitted not having our Prime Minister's telephone number.

[*Translation*]

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Martial Asselin: My question is directed to the Acting Leader of the Government in the Senate or, in his absence, to the Minister, Senator Austin. I would like to have some more specific information on the peace mission of the Prime Minis-

ter of Canada. We know that last week he met the President of the United States. We have received only bits and pieces of information about this meeting. The press reported that the Prime Minister's reception had been on the cool side, but we don't know. Why not? It is because the Prime Minister embarked on his peace mission without submitting his objectives to Parliament. It would have been very easy for the Prime Minister to obtain a clear mandate from the Canadian people, if he had consulted Parliament on the objectives he was going to pursue, although all parties in Parliament are supporting his peace efforts. The Prime Minister announced in the other House that he had received an invitation from the Soviet leaders to come to Moscow. He would not be able to meet the Secretary of the Communist Party, Mr. Andropov, at this time because of Mr. Andropov's illness. The Prime Minister did not indicate when he would be able to go and whom he would be able to meet when he would at last be able to finish his tour of the capitals of the world. Has the fact that he is unable to go to the Soviet Union at this time, with possibly a message from President Reagan or any other message from the heads of state he has visited, put an end to his peace mission?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, regarding the meeting between the President of the United States and our Prime Minister, my impression is not the same as that of Senator Asselin. In my view, the reception was warm and encouraging. Should I receive further details, such as a press conference or other events, I will let my colleague know. According to my information and according to what the Prime Minister said, those are the only facts we know at the present time about this meeting.

As for a mandate, it is my impression the Prime Minister explained his intentions. He received the support of all three parties, as Senator Asselin pointed out. He has been encouraged in his mission by every group in this country, and that is enough. He has received support for his peace mission almost everywhere in Canada.

As for the meeting in the Soviet Union, if I understood the press reports correctly, it was pointed out that the Soviet praesidium had made it clear the Prime Minister was to come on an official visit. On the other hand, Mr. Andropov is unable to set a date for such a meeting because of health problems.

Senator Asselin: Could the Acting Leader confirm a statement by the Prime Minister, which is a bit confusing, to the effect that after meeting with the heads of State of the nuclear powers, he reached the conclusion that they were willing to have round table talks to discuss disarmament? Did I understand the Prime Minister's statement correctly, or does it mean something else? Until now, the Prime Minister has never confirmed that when he visited the heads of state of China, Great Britain, France and the United States, he was very clearly given the assurance that all five nuclear powers were willing to meet to discuss disarmament. Do I understand the Prime Minister correctly when he says those were his conclusions after meeting with the heads of state?

Senator Frith: The words used on the program I heard on the radio this morning were: "Conditional approval". In my view, the five powers mentioned by Senator Asselin agreed on the usefulness of such a meeting. However, approval for participating is subject to certain conditions. That is the impression I received from what I heard this morning. If any details on the conditions of the agreement are available, I will see that you receive them.

Senator Asselin: Could the Acting Leader of the Government in the Senate ask the Prime Minister whether he could reveal the conditions set by the heads of state for a summit meeting?

Senator Frith: I will try to get all the details on those conditions.

[*English*]

MARRIAGE ACT

SUGGESTED AMENDMENT

Hon. John M. Godfrey: Honourable senators, I would like to ask a question of the Deputy Leader of the Government. The Senate has just given first reading to four private bills concerning marriage law exemptions. I think it ridiculous that the time of Parliament is taken up with such matters. Would the acting leader attempt to persuade the government to introduce an amendment to the Marriage Act to put in place a procedure for dealing with such exemptions, which would not involve Parliament?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, judging from the applause that greeted Senator Godfrey's question, many honourable senators are of the same opinion. I undertake to raise the question with the government.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—MESSAGE TO HOUSE OF COMMONS

The Senate proceeded to consideration of the Message from the House of Commons requesting that a Special Joint Committee be appointed to consider the Reports of the Commissioner of Official Languages.

Hon. Royce Frith (Deputy Leader of the Government) moved:

> That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider the Reports of the Commissioner of Official Languages;
>
> That all such reports be deemed to have been or to be upon tabling referred to the Committee;
>
> That the following Senators be appointed to act on behalf of the Senate on the said Special Joint Committee, namely, the Honourable Senators Asselin, Guay, Murray, Riley, Robichaud and Wood;
>
> That the Committee have power to sit during sittings and adjournments of the Senate;

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

That the Committee be empowered to retain professional, clerical and stenographic help as may be required;

That a quorum of the Committee be four members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when three members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly.

He said: Honourable senators, Senator Murray, the distinguished former joint chairman of this joint committee, is with us. I assume the wording meets with his approval and I therefore ask that honourable senators support the motion.

Motion agreed to.

● (1440)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate resumed from Thursday, December 8, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bosa, seconded by Senator Hébert, for an Address in reply thereto.

Hon. John M. Macdonald: Honourable senators, as I listened to my acting leader, Senator Roblin, telling me what short speeches I make, I must confess that I thought he might be trying to convey a message to me today for some reason or another.

Hon. Royce Frith (Acting Leader of the Government): Perhaps he would like them longer.

Senator Macdonald: In participating in the debate on the motion for an Address in reply to the Speech from the Throne I wish, first, to congratulate the mover and the seconder of the motion and then to associate myself with the Acting Leader of the Opposition and the Acting Leader of the Government in complimenting them on the excellence of their performance. Speaking personally, I know that Senator Bosa will not mind if I pay a special tribute to Senator Hébert. After all, we have heard Senator Bosa speak at various times and we have come to expect a good speech from him—and, I may add, he never disappoints us. However, it was Senator Hébert's first speech in this chamber and that made it much more difficult for him. As I listened to him, it seemed to me he sounded like a veteran member. Indeed, he made an excellent presentation, he gave an excellent speech. I look forward to hearing him speak many times in this chamber.

Hon. Senators: Hear, hear.

Senator Macdonald: I also wish to compliment the Acting Leader of the Opposition, Senator Roblin. As is his custom, he gave an impressive address. I thought Senator Frith did exceptionally well, especially when one considers how little of substance he had to speak about.

In making a few comments on the contents of the Speech from the Throne I want to be kind to, and considerate of, the feelings of the government, since I know that no matter how bad its record is—and it is very bad—it is doing the best it can. Thus, I keep in mind two things. First, I do not regard the Speech as a blueprint for either immediate or, indeed, remote action, but rather as a vague, general statement of pious intentions. Second, I regard it chiefly as a pre-election manifesto which in some way or other tries to appeal to all voters. I think the Speech must have been written in the forlorn hope that a kind electorate would overlook and forgive the wretched performance of the government over the past few years, especially its dismal performance in matters affecting the economic life of Canadians.

To be fair, the Speech does contain some matters which, if implemented, deserve support. I suppose all Throne Speeches do. Certainly, the emphasis on youth employment, especially the provision for first-job opportunities, is commendable. I hope legislation to realize this end will be introduced soon. I also welcome the proposal to assist single pensioners by increasing the supplement paid to them, and I hope that proposal, too, will be implemented soon.

I can see great possibilities in two new programs mentioned in the Speech, namely, the incentive to hire Canadians through a national voluntary service and the creation of a conservation co-op to employ Canadians to carry out essential tasks in reforestation and national park development. This could be the beginning of a permanent source of good employment for a large number of people. I look forward with interest to hearing more about these two matters.

Honourable senators, having made all these nice comments about the Speech, in fairness I must make some mild criticism of its contents and lack thereof. I certainly believe that, when the Speech is examined as a whole, any fair-minded person will agree that it is a pretty dismal document. By proclaiming now, even in general terms, all the matters it believes it should proclaim, the government is, in effect, saying one of two things. To this point in time either it has not been aware of the economic and social problems faced by Canadians—especially those Canadians without employment and, in too many cases, with no hope of employment—or it has been aware of them. It is difficult to believe that even this government could be so out of touch with reality as to be unaware of them, but if the government did know of these hardships, then it must stand condemned before the bar of public opinion for not taking massive action before now to remedy, or at least alleviate, the economic evils which have, and are having, a very serious and depressing effect on not only the unemployed but also those who fear the threat of unemployment. With respect to the unemployed we can count as many as two million of our people.

I know that government defenders will say that these hardships were, and are, caused by events beyond the control of the government. They will say they were caused by the policies of the United States and of Japan. They will say they were caused by the policies of the European Community and the policies of many other countries. Yet, when the rate of inflation was reduced and, indeed, substantially reduced, we were told over and over again that such a reduction was the result of the policies of the Canadian government. There was no mention then of the policies of the United States, Japan or any other country. If inflation was reduced as a result of the policies of this government, then, to be logical, inflation was caused by the policies of this government. If this is not admitted, then the government must stand condemned for not using its power and ability to reduce inflation long ago—in fact, before it laid such a heavy burden on the Canadian people.

Personally, I feel that at least some of the causes of inflation were the result of fiscal policy exercised by the government through the Bank of Canada. I think some of the credit for reducing inflation can also be claimed by the government. However, I do think the government is responsible for allowing the evil of inflation to add to, and be responsible for, many of the hardships suffered by Canadians, especially by those two million who are without work. The government cannot have it both ways. If it could cure inflation, as its defenders claim, and yet did not do so, then it must take the blame and be condemned for its lack of action.

I do not at this time propose to speak at any length on the terrible problem of unemployment. We all know that a great many Canadians are suffering from its evil effects. We know that many unemployed Canadians have used all their unemployment insurance benefits and must seek public welfare and that, in many cases, they find this humiliating, embarrassing and degrading. Yet they have no other choice.

The Throne Speech mentions certain actions the government proposes to take in order to alleviate the problem. It mentions that 353,000 new jobs have been created by the economy during 1983. You will notice, honourable senators, that the Speech says "created by the economy". Until I noticed that wording, I thought that the government was claiming that it had created those jobs by itself, and I was wondering, if it could create that number of jobs, why it had stopped there, because I doubt that that number of new jobs equals the number of old ones which have been lost.

● (1450)

Honourable senators, one cannot be critical of the statement in the Throne Speech that a large proportion of the government job creation expenditures will be devoted to youth employment. However, I must confess I have a great deal of concern and sympathy for the unfortunate older workers people in their late 40s or in their 50s who are now unemployed and have little hope of obtaining employment in the near future or, in too many cases, ever again.

During the depression, as in all economic depressions, there is a drive by management to reduce costs and it usually happens that new methods of production are brought about by the substitution of people by machines of various kinds. We all know the old arguments, of course, in favour of new uses for machines. We are told that more goods are produced at a cheaper rate and that new jobs are created to maintain and service these machines and that that results in a better standard of living. However, the difficulty is that the workers displaced are not, as a rule, those who are hired to operate and maintain the new machines; the older workers and the working poor are the ones who suffer. But the older workers who have lost their employment are not the only ones who suffer; many who are working suffer because they live in a constant state of worry and anxiety that their work, too, may be eliminated. That is why labour unions, professional unions and associations are making such a strong and vigorous battle to save the jobs of their members.

Honourable senators, if I may digress for a moment, I think that one of the surprising things about the effects of this economic depression is that no new ideas have been generated as to how economic depressions can be prevented in the future. While not wanting to appear pessimistic, I think it must be acknowledged that in the ordinary course of events the supply of goods and services will in time exceed the demand, and, if there is not a massive intervention of some kind, this situation will trigger an economic depression. I realize that that is a simplification, but it is generally correct.

In the economic depression of the late 1920s and the 1930s prior to World War II, there were a great many ideas and suggestions put forward as to how economic depressions could be avoided or, at least, minimized. Some of the measures then advocated were: unemployment insurance, family allowances, and the balancing of government budgets only over a period of years so that taxation could be increased in prosperous times and decreased in times of depression. Easier credit arrangements were instituted so that goods could be purchased and paid for over a period of time and, of course, state ownership and controls of one kind or another were also suggested. Many of these measures have been put into effect; as a result, the evil effects of mass unemployment have been greatly alleviated. However, the point I am making is that these measures, in themselves, have not prevented the present economic depression, although they may have postponed it or lessened its effect. As I mentioned, I think it is surprising that no new solutions for the prevention of economic depression have been proposed. I do not know what the answer is, but I hope that someone, somewhere, will come up with a solution.

Honourable senators, while I recognize that there does not appear to be a definite solution to all the economic and social problems caused or intensified by a depression, I think it has to be recognized that people look to government to provide solutions. Government, by taking credit for all job-creation programs, has, in the public view, accepted the responsibility of providing employment or some alternative thereto. In any event, the government must accept the fact that in view of the present economic conditions a massive, determined and persist-

ent effort must be made to overcome the effects of the depression we are enduring.

Personally, I do not think the present government's record is such that it would inspire confidence in its ability to provide the leadership Canada needs at this time. Indeed, honourable senators, I sometimes wonder just what are the priorities of the present government. From the Throne Speech it is difficult to determine. After mentioning the need for youth employment, for example, the Speech goes on to state that the government plans to open up the divorce laws further so that divorces can more easily be obtained. When that legislation comes before us, it will be interesting to learn what organizations, if any, are demanding this measure. Perhaps it is merely the brainchild of one minister or another, wishing to weaken further the concept of family life in Canada. Personally, I do not see how such nonsense deserves a place in a Throne Speech.

Honourable senators, there are two other matters on which I would like to speak briefly, neither of which is related to the Speech from the Throne. Some honourable senators may remember that, many years ago—somewhere between 1930 and 1936—the Government of Canada issued what were known as "perpetual bonds"—bonds which had no date for redemption. They had an interest rate of three per cent, which was the going rate at that time. Not only did those bonds have no redemption date but they had no provision for an interest increase, if general interest rates rose. Consequently, over the years the market value of the bonds became substantially less than their face value. Indeed, in 1974, the market value was approximately $35 for a $100 bond. Later, a redemption date of 1996 was fixed and the market value increased somewhat so that today, it is approximately $45 for a $100 bond.

Honourable senators, incredible as it is, unbelievable as it is, we see a bond of Canada worth less than half of its face value. Personally, I think it is nothing less than a national scandal that people, who, in good faith, lent to Canada $100, should receive back only $45 when their bonds are sold. I think it is a blow to our reputation for financial integrity that that should be the case. You may ask why those bonds have not been redeemed long since at their face value, since, in my understanding, they were the only perpetuals ever issued. The only explanation I have ever heard is that many of these bonds were acquired at low prices by speculators who, in turn, would profit, if the bonds were redeemed. To me, that is a strange theory regarding repayment of loans by government. Deplorable as it may be that speculators should make a profit, I think our national honour requires that justice be done—at least with respect to those who, in good faith, bought the bonds at their face value and still own them. There is no legal obligation on the part of government to do that, but I believe there is a moral obligation. I do not know the total amount of that bond issue, but I expect that it would not be very large in comparison with today's standards. It is surprising to me why those bonds were not redeemed in the great conversion loans of 1958 or in the many bond issues that have been made since then to pay off loans as they have become due.

In any event, honourable senators, I hope that some future Minister of Finance will agree that Canada has a moral obligation towards the holders of these bonds and will take some action to see that justice is done after all these years.

Honourable senators, there is one other matter I would like to put before you, which was not mentioned in the Speech from the Throne but which, in my opinion, is worthy of such mention. One government project which I think deserves great praise is the Coast Guard Officer Training Plan of the Canadian Coast Guard. To give you a brief outline of this plan, I should like to quote from a document which describes it. I have a brochure entitled "The Canadian Coast Guard Officer Training Plan," which was placed in our library on March 16, 1982. In part it reads as follows:

• (1500)

> The Canadian Coast Guard, a branch of Transport Canada, has been established to support the safe and efficient conduct of shipping in Canada. The Coast Guard is primarily concerned with the design, crewing and operation of ships; the operation and maintenance of navigational aids; icebreaking support; and, when difficulties do arise, search and rescue. The Coast Guard has several operating branches, the most visible being the Coast Guard Fleet, which concentrates its efforts on servicing aids to navigation, icebreaking and search and rescue. Depending upon their size, Canadian ships, including Coast Guard ships, are operated by certified marine officers. The skills required by these officers are complex and demanding and certification at the first of four levels can only be granted after three years of marine experience and study.

It is for that reason that we have the Canadian Coast Guard College. The article further states:

> The Canadian Coast Guard College, founded in 1965, is situated across Sydney Harbour from Sydney, in a residential area. New residences and academic buildings were opened in early 1981. Construction of a new gymnasium and swimming pool began also in 1981, and a new navigation boathouse and marine engineering machine shop are expected to be completed by 1986.
>
> The four-storey academic building contains a 20,000-volume marine library, classrooms and seminar rooms, language training centre and computer centre. There are laboratories for metallurgy, hydraulics, steam and diesel simulation, electricity, electronics, seamanship, aids to navigation,—

and the like. The article continues:

> Officer-cadets study navigation or marine engineering totally in English or totally in French and, in addition, follow a program of second language development. There is compulsory physical education during each year of study, complemented by an extensive sports program. In addition, several sports and social clubs operate on campus.

> Officer-cadets wear Coast Guard uniforms and residence life is highly structured in keeping with the goal of the college to produce competent officers for the Canadian Coast Guard.
>
> The Canadian Coast Guard offers a lifetime career for men and women in a branch of the Public Service concerned with marine matters, particularly safety at sea.
>
> After completing their courses at the college, graduating officers are appointed as junior officers in Coast Guard ships where they serve for three years as watchkeepers, either in the navigation or engineering departments. As they rise in rank and assume greater responsibility, they are assigned to different types of ships where they will broaden their experience and perfect their skills in navigation or engineering, and develop the qualities of leadership and management which will qualify them for more senior appointments in the Coast Guard.

I should also like to quote from a brochure entitled "Coast Guard College", which is published by Transport Canada. It states:

> The College accepts 110 new Officer Cadets from across Canada for the training program which starts each August. Applicants may be male or female and must have completed high school including senior level mathematics, senior level physics and one year of training in the second language.

Honourable senators, this college is doing tremendous work and its officers and instructors deserve the highest praise. This is one government project which is devoid of criticism. It receives only the highest praise from those who are aware of the work it carries on. The students come from all across Canada, and to see them on parade, as I have done at various Remembrance Day parades, makes one proud of the young men and women who will be the future officers of the Canadian Coast Guard.

Honourable senators, to go back to the Speech from the Throne, you may have felt that my feelings about it are such that I cannot vote for it. In fact, I think it is a worthless document and I plan to vote against it.

Hon. Frederick W. Rowe: Honourable senators, I rise on a question of privilege. Is there some way we can eliminate this blast of cold, Arctic air that is emanating from behind those honourable senators in this area of the chamber? Unfortunately, Senator Bélisle and I are not in a position to protect our heads from this cold air. I am sure that the temperature is lower than it should be; perhaps the Acting Black Rod or someone else could look into it.

Senator Frith: Honourable senators, I understand that the cold air we are suffering from now comes from Labrador, and perhaps Senator Rowe might look into it during the recess. It is exceptionally cold and I think it is testing the capacity of our heating equipment, but we will not consider it as a permanent move, if Senator Bélisle wants to cross over to this side in order to listen to Senator Graham's speech.

[Senator Macdonald.]

Hon. B. Alasdair Graham: Honourable senators, I believe Senator Macdonald has shown the way, because I am sure that since he started his speech the chamber has become somewhat warmer; I am also sure that by the time I have concluded my remarks Senator Rowe will be aware not only of an increase in heat but also of comfort if he listens carefully to and digests what I have to say.

[*Translation*]

First of all, honourable senators, I should like to congratulate our new Speaker very sincerely. Senator Riel has been a friend of mine for a very long time. He has always carried out his duties with the utmost distinction.

I also wish to congratulate Senator Molgat, another friend of old, who has become our Speaker *pro tem*. He is highly qualified for his new job.

At the same time, we regret Senator Marchand's departure. We shall keep an enduring memory of his extensive experience, personal charm and great courage which surely will be an asset in his new position.

All honourable senators are pleased to hear that Senator Flynn is recovering very well and we are looking forward to his return to the Senate where his wit and cool are severely missed.

[*English*]

The government leader in this chamber has also joined a rather exclusive club, commonly known as the "Bypass Club." As a club it is quite unique. There has never been a membership drive nor do the members compete or try to over-achieve, but thanks to the remarkable skills of our medical profession and the determined resilience of the patients, Senator Olson will soon again take his proper place in the Senate.

Like others before me, I want to congratulate both acting leaders in this chamber, Senator Frith and Senator Roblin, who, in the absence of their respective leaders, have performed their duty in their usual exemplary manner. I want to congratulate those who have preceded me in this debate, whatever their views. I am particularly pleased with Senator Macdonald's reference to the excellent facilities provided to train cadets and future officers at the Canadian Coast Guard in our home area.

• (1510)

Honourable senators, over the past year, we have been coming out of an economic downturn that has been described either as a deep recession or, as some would have it, a real depression. Most certainly, it would have been a serious depression had it not been for the many social safety nets which, unfortunately, were not in place in the horrendous days of the late 1920s and the early 1930s.

I believe that the recession has shown us more clearly than ever before what we must do in order to regain our economic stride. The recession was, in all respects, a staggering blow; it was an experience much worse than most of us could have anticipated. Yet, this country came through it with a degree of toughness and resilience that has given heart, strength and confidence to our combined recovery efforts.

I believe it is accurate to say that in the past Canada has had the greatest economic recovery of any country in the world. In terms of growth, we are expecting to be able to report that in 1983 we had, and in 1984 hopefully will have, the largest real growth of any of the summit countries. Just recently the U.S. Conference Board noted that Canada has achieved the largest and most dramatic economic rebound of any country in the world.

Towards this end, in the first half of 1983 the Canadian economy grew at an annual rate of 7.5 per cent. It is hoped that these trends will lead to economic growth rates among the largest, if not the largest, of any industrial nation. The OECD has projected that the Canadian economic recovery will be the strongest among the seven largest industrialized countries in 1984.

We have also had the largest decline in inflation. In fact, speaking of over-achievements, we have over-achieved with respect to targets with the present rate, as you know, at 4.9 per cent. Among other economic indicators, it is interesting to note that consumer confidence in Canada is at its highest level in 18 years.

Just recently, a survey of 80 top U.S. industrial corporations by McGraw Hill Economics reported that their foreign capital spending was expected to decline during the next three years, but that there are two very significant exceptions: increases are expected in the European Economic Community and in Canada—13 per cent in the EEC and 21 per cent in Canada.

As many economists tell us, we are entering a new economic age. There are some very important things that we should keep in mind as we enter into this age. The new economy is producing goods and services at a very different employment level. The production of the economies of the western world has exceeded pre-downturn levels, but still some 25 million to 30 million people are left unemployed in the western world.

For those who suggest that we should look at Japan's economic performance as the ideal barometer—Senator Macdonald made reference to Japan—their 1983 unemployment rate reached 3.8 per cent, which is actually 2.5 times the normal unemployment rate for that country. That is a clear indication that the unemployment phenomenon is world-wide. Most importantly, it indicates that we are entering a new economic era—an era that may produce the highest standard of living, never dreamed of before, but at a cost of marginalizing some 10 per cent of the potential labour force of not only Canada but of the entire western world. Particularly badly hurt are the new entrants into the labour force, most of whom are under 25 years of age.

In addition, as Senator Macdonald noted, there are those over 45 and 50 years of age whose skills may have become obsolete and are no longer needed in the new economic society. We must be aware of the potential disaster for the western world if we ignore the victims of this new age, an age that has been most commonly labelled "high-tech." No greater task awaits those who are responsible for policy decisions than to find ways to alleviate the potential misery of those who will not fit into the new age.

It may be just a coincidence that we are at George Orwell's 1984. It is important that a way be found for all sectors to become involved in searching out answers to the dilemma. To devise the strategies which, hopefully, will produce the solutions, all sectors must work in concert and in harmony.

I also find it interesting to note that, in 1983, there were two conferences in Canada which looked at the so-called "new society." At the conference in Montreal in the early summer, the human effect of high-tech was listed as the No. 10 priority and, hence, hardly worthy of debate. At the conference held in October here in the city of Ottawa, the human effects were greeted with what could, at best, be described as studied indifference.

One of the reasons that high unemployment is so dangerous is that our concept of safety nets for economic victims is really only valid when we are looking at something less than 5 per cent of the work force being displaced at any one time. When structural unemployment is mired at 10 to 11 per cent, as is the case at present, there is less hope that there can be any kind of permanent, effective safety net.

Another potential, but very real, danger is that when employment of the individual becomes endangered those who still have jobs become less and less willing to share their affluence through tax contributions which really provide the safety net. These people see themselves endangered and develop a survival-of-the-fittest mentality.

Therefore, I think it important that we look at economic issues from a very realistic point of view, and, in doing this, we must understand that unemployment may remain abnormally high perhaps for the best part of the present century. That is my own view at present.

Let us also understand that there are no quick fixes. It is cold comfort for us to realize that the last time we were faced with such massive unemployment was when we came out of the depression of the 1930s. History reminds us that we were able to do little with high unemployment until well into World War II. We reached the target of full employment in 1942. That, as you well know, was at the cost of millions of lives and the wanton destruction of large parts of Europe. In our day we are reminded that war is not an alternative; that no sane person believes it is possible to enter into a nuclear conflict without destroying the world.

It becomes evident, then, that more than at any previous time in our history we, as a society, must seriously deliberate on the problem of unemployment. It is urgent that we begin these deliberations without being tied to rhetoric and stereotypes that were only valid at another time and in another age.

We have to seriously look at sharing work, at sharing employment, and sharing income. We have to find novel ways to employ people. These novel ventures must provide work that enables the worker to feel that he or she is making a real contribution to the well-being of the community, and the

community must see that work as having a social and economic value.

There is a number of ways in which this problem might be approached, and I will present a few as being merely indicative rather than exhaustive. We have to consider shorter work weeks, on-the-job training and development, and job sharing. We have to find ways to incorporate the informal economy into the formal without destroying the present incentives that allow the informal economy to play a role in our society. We have to find some way to detach ourselves from the fixation that work days ought to extend from 9 to 5, and look at the possibility of the adjustment of work schedules to the needs of individuals, of families and of communities. We must understand that the present rate of unemployment places it beyond the reach of government to do any more than apply "band-aid" approaches. Hence, we must find the means by which to allow these limited tax dollars to play a significant role in solving the problems of unemployment.

● (1520)

As was indicated in the Speech from the Throne, the government has set aside millions of dollars for job creation projects. This is highly commendable and highly necessary at this time, but, again, the "quick fix" is not the long-term answer. We must be realistic. We must understand that we cannot marginalize 10 per cent of the population without creating the possibility of massive social unrest. Even if this unrest is not manifested in our society today, we must certainly ask ourselves how long we can permit any form of economic exploitation to go on without its causing social unrest.

Closer to my own backyard, honourable senators, I should like to say a word about two economic institutions in the Cape Breton region that have been much maligned at various periods of our history. These institutions were set up to alleviate very heavy unemployment in the Cape Breton region. While unemployment is still a severe problem, these institutions have done much to at least stabilize the economy.

I will turn first to Sysco, the provincially-owned steel corporation. Honourable senators are all aware that recently a tragic accident took the lives of three men, injured two others and caused extensive damage. Last night in this chamber I had occasion to express, on behalf of all honourable senators, a message of deep sympathy to the bereaved families. This is just another example of the misfortune that has stalked the corporation for more than a decade.

Honourable senators, I think it is very important to understand that, in the three months preceding that accident, the corporation had at least been paying its way in operations, even if it had not been able to make a dent in its serious capital deficit. I am given to understand that, leaving aside interest and capital costs, Sysco has been able to operate on its own for the past year without any infusion of provincial money to cover those operations. This, of course, is a magnificent tribute to the high degree of co-operation and hard work at the levels of both the work force and management.

[Senator Graham.]

As phase one of the business plan comes to a close, the Sydney Steel Corporation will be in desperate need of the approval of the next stage of rehabilitation. As decisions for this phase are being taken, some very hard economic decisions will also have to be made to determine the future shape of the corporation. It is important that these decisions be made with the understanding that at the end of the tunnel there will exist a plant that will be able to play a vital economic role, not only in the local but also in the Atlantic and the national economies. We are aware that it may not be the original role that was once promoted, but that it will be a true cornerstone for the development of the Cape Breton region.

The other cornerstone of the Cape Breton economy has been the Cape Breton Development Corporation, which was established by the Government of Canada in 1967. Much has also been written about Devco and its problems. There are some economic realities that we must keep in mind when we discuss Devco's business. Some weeks ago, the president of Devco spoke in Halifax about problems with respect to the deficit facing the corporation. He pointed out that, at the present time, Devco sells 1.5 million tons of coal to the Nova Scotia Power Corporation. The power corporation paid about $65 million for this coal. What is important to note is that this 1.5 million tons replaced 6.3 million barrels of offshore oil which would have cost more than $200 million. One ton of coal replaces four barrels of oil. When we look at the present world price of oil—which is approximately $28 to $33 per barrel, depending upon whether one is dealing in Canadian or United States currency—according to these calculations, a ton of coal is therefore worth approximately $112 or more.

What is most significant is that the money spent on coal stays in Canada. For every dollar of coal revenue, 90 cents accrues as domestic Canadian income, as spin-offs reverberate through the economy. Only 10 cents is lost to the offshore.

Honourable senators, I am not going to enter into the debate on coal prices at this time, but I think that it is important for the people of Canada to be aware that the coal miner makes a substantial contribution to the national economy. Since Devco came to Cape Breton, it has had the major job of refurbishing a capital-starved industry. It also faced a labour force eminently skilled for the industry in the first half of the twentieth century, but, with new technology and equipment, a much different industry evolved.

Because Devco is a crown corporation, it not only has to be a realistically economic industry but it also has a social contract with the community that can only be denied if we are prepared to go back to the industrial society that existed in the late nineteenth and twentieth centuries. Thus, Devco must pay competitive wages; it must provide for those who are marginalized in the industry and are on either pre-retirement or compassionate leave. It has also been contracted by the provincial government to pay for lung dysfunction. It has the responsibility to modernize, with minimum short-term dislocation, in order that the stability of the communities involved be maintained. It is hoped that all of these objectives can be achieved through a significant degree of co-operation and understanding

between management, labour and the various levels of government.

Honourable senators, over the past couple of years we have all awaited, with varying degrees of optimism, the so-called Kirby report on the fisheries of eastern Canada. The report has been under constant review at both the federal and provincial levels, and as decisions are made and agreements are being concluded it is important for us to look at the basic issues.

One of the most important things for us to understand is that in many areas nature has decreed that the fishery should be a seasonal industry. In recent times there have been some notable pockets of prosperity, but perhaps more significant are the large areas of poverty. Few have done well, whether they be the fishermen, those working for the company, those working for the processor or those working in the fish plants. At almost every level the return has been too little. It is also true that, because of the recession, larger and larger numbers of people return to fishing just to get sufficient income to maintain themselves in an adverse economic climate.

As many honourable senators are aware, particularly those from the coastal provinces, the history of the fishery has been a history of boom and bust, of insufficient capital to adjust to new technology, and of insufficient return on capital to bring in new investment. Hence there is a need, at periodic intervals, for so-called government bailouts. What is needed at this time is a comprehensive plan that will restore long-term stability. This will not be possible unless the program is adequately financed by both the private and the public sectors.

• (1530)

There is no doubt that the fishery on the Atlantic coast can have hope for a new age and a new prosperity; but I emphasize that the ad hoc solutions of yesterday can never be the positive reality of today and tomorrow. We require, with great urgency, long-term, medium-term and short-term policies and programs.

Where do we want the Canadian fishery to be in the year 2000, 1995, 1990, or even 1985, and what are our reasonable expectations at home and abroad? In Atlantic Canada the fishery should be the most consistent and stable of all of our resource industries, and together we have a responsibility; we must be strong in our commitment to work towards that end.

I wish to say a word about housing, because I believe it to be the sector that has been most harrassed by the economic downturn. Indeed, output in this sector was reduced from close to 200,000 units in the early 1970s to approximately 100,000 in 1982.

We have to be aware that part of this downturn was caused by the fact that the demand for housing dropped because of what some called slower family formation, as well as slower growth in terms of population. These are but two of the indicators. But the real problem was the interest rates that caused such havoc in the economy over the past few years. Not only were they outrageously high, but it appeared that there was no top limit, and thus housing declined to new lows.

The question is asked: What policies are needed in order to stabilize the housing industry, which is one of the key sectors in our present economy? We must understand that housing is the sector that most responds to changes in government policy and interest rate structures. Discussions between government and industry have been held to find a way to protect the population against upward swings in interest rates during the term of a mortgage. Hopefully, this approach will be successful and people will be able to undertake longer term mortgages without the fear of being dispossessed of their investment. That would go a long way towards stabilizing the industry.

The second problem concerns those who are unable to acquire housing in the conventional market. That difficulty is one that has also been undergoing considerable study by Canada Mortgage and Housing Corporation. Poor housing costs governments and society at all levels, in respect of economic costs, and the social and psychological costs of poor housing condemn large numbers of people to poverty. This merits the deep concern and careful attention of all those who are in a position to provide solutions.

Finally, honourable senators, I wish to say a word about the peace initiative, because, having said all this, unless we can stop the drift towards war or a nuclear holocaust, the aforementioned problems and potential solutions are merely academic.

The breakdown of negotiations on the Strategic Arms Limitation Talks has raised the danger index throughout the world. The very survival of humanity is at stake, and we and our children wonder why the nations of the world cannot reach agreement on ways to share our planet in peace.

Every nation, as well as every group of nations, has a duty to help create those conditions of stability which will allow all of our people to look forward to a lasting peace. The key, in my judgment, is the rigid determination of governments around the world to use their latent political influence upon arms negotiations and upon the attitudes and policies of the super powers.

As the Prime Minister has said, Canada, like other nations, does not sit at the negotiating table with the United States and the Soviet Union. But that does not mean that our interests and our lives are not on the table. Consequently, the need to reassert political control is all the more pressing.

This debate is taking place at a time when Canada must look to the future with the necessary courage to face serious challenges to the wellbeing of our own country and of the world at large. It is a time for governments to govern with conviction, for all leaders to lead with clarity of vision, for all political parties to put before the people a clear set of principles, policies and priorities.

I am confident that all honourable senators support the peace initiatives of our Prime Minister and, with God's help, together we must succeed.

On motion of Senator Murray, debate adjourned.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government) moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, this motion is in accordance with a promise given earlier this afternoon.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday December 21, 1983

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

Prayers.

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-2

Hon. A. Irvine Barrow: Honourable senators, I have an oral report to make on behalf of the Standing Senate Committee on Banking, Trade and Commerce.

On April 19, 1983, the Honourable Marc Lalonde, Minister of Finance, delivered in the House of Commons a budget which forms the basis of the matters before the committee. By Order of Reference of December 19, 1983, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine the subject matter of Bill C-2, intituled: "An Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971," in advance of the said bill coming before the Senate, or any matters relating thereto.

In accordance with the Order of Reference, your committee has considered the subject matter of Bill C-2. In connection with such consideration, the committee engaged the services of Mr. Helmut Birk, C.A., and retained as its counsel, Mr. Thomas S. Gillespie, and has heard evidence from Mr. R. A. Short, General Director, Tax Policy and Legislation Branch, and other officials from the Department of Finance.

The bill contains measures designed to stimulate the recovery of Canada's economy and to restore the economic capacity to generate new jobs. These measures are designed to encourage and enable Canadian enterprises to undertake new investment more quickly. Some of the more important features of the bill are as follows:

Business losses can now be carried back one year and forward five years to reduce income subject to tax. Under clause 55, at page 98 and forward, losses are to be carried back three years and forward seven years. For farmers and fishermen, the carry-forward period will be 10 years rather than seven years. Taxpayers will be allowed a three-year carry-back of capital losses. Transitional rules are provided allowing for the gradual introduction of these measures.

Investment tax credit: A number of temporary and permanent changes to the investment tax credit provisions have been introduced to support investment. The investment tax credit is now earned at the general rate of 7 per cent; 10 per cent in pre-designated areas; 20 per cent in the Atlantic and Gaspé regions; and 50 per cent for certain manufacturing investments in special DREE regions.

It is proposed under subclause 73(4) that the credit be extended at a rate of 7 per cent to prescribed new heavy construction equipment. Under the present rules, the investment tax credit can only be claimed to the extent of $15,000 plus one-half of federal tax in excess of $15,000. Unused credits could be carried forward for five years.

The bill proposes, in subclause 73(2), that taxpayers be able to use their investment tax credit to reduce, without limitation, their federal tax payable. Credits will be allowed to be carried back for three years and forward for seven years.

Furthermore, under clause 74, the investment tax credit earned on investments made between April 19, 1983, and May 1, 1986, will be refunded if they cannot be used. For small business corporations and unincorporated businesses, the refund will be 40 per cent of the unused credit in the year; for other businesses, it will be 20 per cent.

Share purchase tax credit: This new credit, to be provided for in the new section 127, is designed to assist corporations in raising equity to finance new investment projects. This measure will permit corporations to use tax credits earned on new investments to attract purchasers of new common shares issued between July 1, 1983 and the end of 1986. Private and public corporations will be allowed to issue shares which will entitle the first purchasers thereof to a tax credit of up to 25 per cent of the issue price paid. Certain tax exempt entities such as pension plans, which would otherwise not be able to make use of the credit, will have the share credit refunded to them in cash. The credit will reduce the tax cost of the shares for the purpose of computing subsequent capital gains and losses.

Research and development: The tax incentives presently in the act are:

(1) One hundred per cent deduction for current and capital expenditures,

(2) Fifty per cent additional deduction on same expenditures in excess of the average for the three prior years, and

(3) A tax credit of 10 per cent, 20 per cent for the Atlantic provinces and Gaspé regions, and 25 per cent for small business corporations.

The bill proposes that the 50 per cent additional allowance be eliminated and that the tax credit be increased by 10 per cent from the current level of all R & D performers. The credit will be eligible for the longer three-year carry-back and seven-year carry-forward, and for the temporary measure that refunds a part of the credit to businesses with no tax otherwise payable.

Corporations will be entitled to renounce unused credits and deductions by permitting outside investors a tax credit. This

will be provided for under the new section 127.3. The investors will be entitled to claim a credit of 50 per cent of the amount provided to the researcher. In turn, the researcher will renounce its rights to the tax deductions and credits.

Indexed security investment plans: The bill introduces the ISIP. Clause 18—

Hon. Martial Asselin: Honourable senators, I rise on a point of order. I wonder what the honourable senator is doing now? Is he giving a report of his committee? Is he making a speech? What is he doing?

Senator Barrow: Honourable senators, I am giving an oral report of the committee.

Senator Asselin: Why did he not table the report first?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I think this procedure is in order under rule 78(3). This is the report on a pre-study of a bill, and is therefore offered for information. After the report has been given, it can be laid on the Table. It is often left at that. However, on motion it may be placed on the Orders of the Day for future consideration.

Therefore, when the honourable senator finishes giving the report it will be laid on the Table, and that is it, unless honourable senators wish to make a motion to debate it at a later time.

Senator Asselin: Yes, but Senator Barrow has not tabled it, and he is making a speech on the report itself.

Senator Frith: He is making the report, senator.

Senator Asselin: He should have tabled the report first, because this report is not a debatable matter.

Senator Frith: It is a debatable matter under rule 78(2), if, after he has made the report, it is laid on the Table. The time to decide whether we want to debate the report is the time at which it is laid on the Table—that is, after the report has been made.

Senator Asselin: Is it not the custom of this house, however, that the report first be tabled, then read, after which a question is put as to the consideration of it?

Senator Frith: That is not the case under rule 78(2). Sometimes such reports are simply presented without debate. Under rule 78(3) or 78(4), of course, Senator Asselin is quite right. Under normal procedures, when a committee reports a bill without amendment, the report stands adopted without debate.

Rule 78(2) says that reports shall be received without debate. However, an exception is made in rule 78(3) for a report which is for the information only of the Senate.

Senator Asselin: It says "shall."

Senator Frith: Yes, "shall be received without debate," but it further states that reports that are for the information only of the senators shall be laid on the Table, and may be debated, on motion. Otherwise, rule 78(1) would take effect, and the report would simply be accepted without debate.

[Senator Barrow.]

• (1410)

Hon. Duff Roblin (Acting Leader of the Opposition): In my view, Senator Asselin's point deserves a little more consideration. The report is an oral one. If we refer to rule 78(3), it says:

> A report which by its own terms is for the information only of the Senate shall be laid on the Table—

That is not happening. The report is being read. I suggest there is a big difference between a written report that is laid on the Table and an oral report. So, in that sense, Senator Asselin has a concern. I myself am not disturbed so much by the fact that it is an oral report, which has been done before, as I am by the fact that it covers a subject which is highly difficult to comprehend; and the idea that many members of this house will be able to understand the meaning of the convoluted detail of this report by hearing it read on the first occasion is, I believe, a little optimistic. So far as I am concerned, if my honourable friend, the chairman of the committee, wishes to take it as read, and it is then printed and appears on our order paper at a later date, we will have an opportunity to consider the content of what he is saying. As for the present procedure, I am of the opinion that it is probably an exercise in futility.

Senator Frith: Honourable senators, I suggest that the report that is being made is quite in order. It will appear in *Debates of the Senate* because it is being read. I can recall Senator Hayden following a similar course on a previous occasion in connection with pre-study of a subject matter by the same committee. That is the precedent that is being followed.

The suggestions made by Senator Asselin and Senator Roblin are provided for in the rules. The report is being read and no doubt the notes will be tabled. A motion can be made to debate it, if it is considered desirable to do so, and in due course it will appear in *Debates of the Senate* because it is being read. I suggest that we allow the reading of the report to be completed. We know, from information before us, that the subject matter pertains to the bill, which we expect to receive later this afternoon. If we proceed to deal with it, as we shall do on some occasion between now and the end of the month, the report of the pre-study will be in print. The bill will then be referred back to committee, and the report, which will appear in *Debates of the Senate*, will help us determine how much further committee study is required.

Senator Roblin: Perhaps it is worthwhile adding a further comment to what has already been said. The matter of this report was considered in committee. I was present; so I have a certain responsibility for the fact that an oral report is being offered. However, the committee took that course because of the inexorable pressure of time, about which more will be heard today with respect to matters of this kind. We were asked to agree to having an oral report because there was insufficient time to get it properly printed and translated. That is why it is oral and not printed. I believe the same situation applied in the case of Senator Hayden, to which reference was made. It brings up the question that perhaps those of us who

are on such committees in future should take account of this problem, because if it is going to cause us some difficulty—as it is doing in this instance—perhaps we would be better advised to follow the regular procedure and have reports properly printed and translated, and thus relieve the chairman of the committee of finding himself in the invidious position in which he unwittingly finds himself today.

Senator Frith: Honourable senators, I support the honourable senator in his suggestion, namely, that in view of our experience on this occasion and on past occasions, we should consider whether we wish to continue this tradition, although admittedly the tradition would be followed only in exceptional circumstances. In the meantime, I suggest that we complete this report and then give consideration to whether we shall accept oral reports in future, for the reasons given by Senator Roblin.

Senator Asselin: Do you have a French version of the oral report?

Senator Frith: Because the report is being given orally, the translation will also be given orally.

Senator Barrow: Senator Roblin is quite correct. The reason we are giving an oral report is that we did not have time to translate the report into the other official language.

Senator Asselin: You should have taken the time to do so.

Senator Barrow: It was not possible.

Indexed Security Investment Plans: The bill introduces the Indexed Security Investment Plan, the objective of which is to exempt from tax the inflationary portion of capital gains on many publicly-traded securities of Canadian corporations. Individuals and most trusts will be able to invest in qualified securities through an ISIP effective October 1, 1983. An ISIP is a written contract between an eligible investor and an administrator of the plan. The cost of investments in the plan is indexed, based on changes in the consumer price index. An investor can either purchase new eligible securities or transfer existing securities he holds into the ISIP. The transfer of securities into an ISIP will be treated as a transaction occurring at fair market value and may trigger a capital gain or loss. The amount of a deemed capital loss that may be realized on the transfer of securities to an ISIP in a year is limited to the amount of capital gains realized on such transfers in the year. However, capital losses realized in the transfer of securities on or before December 31, 1984 may give rise to unlimited capital losses.

Gains and losses attributable to investments in an ISIP will be computed based on the indexed cost and 25 per cent of the real capital gains or losses will be recognized annually by the investor as a capital gain or loss for income tax purposes whether or not the investments are disposed of.

Registered Home Ownership Savings Plans: Two measures are proposed. First, eligible individuals acquiring a newly-constructed home after April 19, 1983 and before December 31, 1984 will be able to claim an additional deduction in computing their income equal to $10,000 minus the total of all tax deductible RHOSP contributions previously made by them.

Second, in order to provide further stimulus to the economy, individuals will be permitted to withdraw all or part of their accumulated savings in RHOSPs free of tax for the purchase of new home furnishings and appliances in 1983, even though they do not purchase a new home.

Individuals: Several measures are contained in the bill affecting individuals, the general thrust of which is to assist taxpayers in lower income brackets. First, the employment expense deduction will be increased from 3 per cent of employment income with a maximum of $500 to 20 per cent of employment income with a maximum of $500. Second, with respect to child care expenses, the maximum deduction available will be increased from $4,000 to $8,000 and the limit per child from $1,000 to $2,000. There will be no more indexation for dependents under 18 years of age.

The child tax credit was temporarily raised by the June 28, 1982 budget from $293 to $343. The credit will remain at $343 for 1983 and will be fully indexed for subsequent years. The income threshold will remain at its 1982 level of $26,330 for 1983 and following years.

The optional $100 deduction, instead of deducting charitable donations and medical expenses, will be repealed.

The federal tax credit will be reduced from $200 to $100 for 1985 and $50 for subsequent years. It will also be reduced starting in 1984 by 10 per cent of the amount by which an individual's tax otherwise payable exceeds $6,000.

Overseas Employment Tax Credit: Individuals resident in Canada but employed abroad for more than six consecutive months are entitled to a deduction from income equal to the lesser of $50,000 and 50 per cent of income earned outside Canada. The bill proposes that they be entitled to a deduction from tax equal to 80 per cent of the tax otherwise payable up to $100,000 of income earned outside Canada.

Aviation Turbine Fuel: Bill C-139, which received first reading on December 7, 1982, introduced measures requiring fuel suppliers to include in their income for tax purposes a deemed amount in respect of aviation fuel sold for international transportation. In its report to the Senate dated March 16, 1983, your committee expressed grave concerns with respect to this proposal. Your committee is pleased to report that this measure has been repealed.

The committee has reviewed the matters set forth in the Order of Reference in accordance with its terms of reference and has no comment to make at this time.

QUESTION PERIOD

[*Translation*]

THE HONOURABLE HAZEN ARGUE, P.C.

CHRISTMAS GREETINGS TO SASKATCHEWAN LIBERALS—REQUEST FOR LIST OF RECIPIENTS

Hon. Martial Asselin: Honourable senators, my question is directed to Senator Argue, but not in his capacity of Minister of State responsible for the Canadian Wheat Board.

Recently, I happened to see some Christmas greetings he sent to several people in his province, on Senate stationery. They were addressed to "Dear Fellow Liberal". I would like to know whether there were many of these greetings and whether Senator Argue could produce a list of his Liberal friends and indicate where they are from.

● (1420)

[*English*]

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I realize it is quite a restricted list. Not being a person who sends out greetings in the same quantities as others it is probably a fairly restricted list.

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question to that asked by Senator Asselin. Did you have to pay extra postage on it?

Senator Argue: I think I would have paid the same postage as Conservative members of this place and other places pay when they send greetings to other Conservatives, of which there is still a large number in this country.

JUSTICE

ALLEGED URANIUM CARTEL—STATUS OF PROSECUTION

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I would like to reply to questions addressed to me by Senator Roblin on December 19 with respect to items under the responsibility of the Minister of Justice relating to proceedings in respect of certain uranium companies and a decision of December 15 last by the Supreme Court of Canada.

Senator Roblin put certain questions to me, which I will try to answer seriatim. The first question he put was with respect to whether or not the government intends to proceed with the case against the other four companies involved in this matter. I am quoting from page 45 of *Debates of the Senate* for Monday, December 19, 1983, where Senator Roblin said:

> —it seems to me invidious that the government is contemplating proceedings against four companies but is excluding two companies simply because they are crown corporations.

Here is his question:

> So I ask my honourable friend whether he will undertake to suggest to his colleague, the Minister of Justice, that the government waive crown immunity in respect of these two companies, thereby allowing the matter to be dealt with without discrimination between private companies and public companies.

[Senator Barrow.]

I must say that I did not understand whether Senator Roblin was taking a position to the effect that we should no longer prosecute the private companies because it was invidious and unfair to discontinue against two crown corporations and still continue against the private corporations. In any event, the Minister of Justice has taken the decision, on the advice of the special prosecutors, to discontinue the proceedings against the private uranium companies in the belief that to proceed against them would be unfair and inequitable in the circumstances.

The Minister of Justice advises me as well that there is no question of discretion with respect to whether or not the two crown corporations could plead crown immunity. The Supreme Court of Canada has found that the doctrine of crown immunity applies to them by statute, and therefore, there is no legal basis on which crown immunity can be waived.

I would like to quote a portion of the decision of the majority, which was a five-to-two decision by the Supreme Court of Canada:

> The maxim that the Queen can do no wrong is a legal fiction which, at common law, serves the purpose of preventing the Queen from being impleaded in her own courts. There is, however, no comparable maxim that an agent of the Queen can do no wrong.
>
> The conclusion that a Crown agent is personally responsible for an unlawful act still leaves the question whether the act is unlawful. Where the unlawfulness or the wrongfulness of the act arises without any recourse to a statute, the Crown's immunity from statute, as expressed in s. 16 of the Interpretation Act, is irrelevant. If, for example, the agent commits a tortious act, it is the common law which characterizes it as unlawful. There is no immunity that the agent can claim.
>
> Where the only source of the unlawfulness is a statute, however, the analysis is entirely different. Reference to a statute is necessary for criminal responsibility in Canada, apart from contempt of court, because s. 8 of the Criminal Code precludes any conviction for an offence at common law. If a person commits an act prohibited by statute, and the Attorney General seeks to prosecute for violation of that statute, the preliminary question that must be asked is whether that person is bound by the statute. If not, the person simply does not commit a violation of the statute. The situation is not that the person is immune from prosecution even though there has been an unlawful act; rather, that there has been no unlawful act under the statute. I have already said that the Combines Investigation Act does not bind the Crown. If Uranium Canada and Eldorado share the Crown's immunity, they can have committed no offence under the Act.

I believe I have answered Senator Roblin's question on whether a waiver of crown immunity is possible and also his

inquiry regarding the discretion of the minister with respect thereto.

With respect to Senator Roblin's comments as to whether or not I, in my capacity as a minister of the Crown, would participate in any discretionary matter relating to these proceedings, I would like to make it clear that I have not so participated, and, as I have said, there is no discretion with respect to the waiver of crown immunity, so I have not participated in that respect.

Senator Roblin also asked whether the government had any intention of reconsidering the issue of crown immunity. I would like to advise that the Minister of Consumer and Corporate Affairs, the Honourable Judy Erola, has said in the other place and elsewhere that it was her intention to deal with the crown immunity issue in the context of legislation to be introduced in the present session. She has also said that there would be no retroactive application of any changes that are to be proposed.

Senator Roblin also asked me to advise how many other crown corporations there are which enjoy the position of crown immunity. The best answer I can give to that is that any crown corporation, acting under similar provisions of the law and within the authority of its statute and regulations thereunder and the authority of Orders in Council, will have the same benefits until the legislation is changed. I cannot list the corporations because facts change the application of the doctrine of immunity.

• (1430)

With respect to Senator Roblin's final question, following his observation that one of the honourable judges seemed to believe that this gave carte blanche to crown corporations to do what they wished, Senator Roblin also said, "The fact is that these two corporations have done something which is certainly questionable."

I should like it noted that in the decision handed down on December 15, the court makes it very clear that there were no facts before it to indicate that there were any questions raised by their conduct at all. I think it would be fair to those corporations for me to be very clear in saying that there has been no statement in any way, shape or form put before any judicial proceeding as to any impropriety on their part.

Finally, honourable senators, I should like to say how disappointed I am, having been Deputy Minister of the Department of Energy, Mines and Resources, that these proceedings, once initiated, were discontinued by the processes I have just outlined. Frankly, I believe that the actions taken by those two crown corporations, by myself and by other officials, along with companies in the private sector, to defend Canada's uranium mining industry were fully lawful and would have been shown to be such by the conclusion of such proceedings.

I believe they were valuable to the people of Canada; I believe they were valuable to the mining communities of Elliot Lake, Ontario and Uranium City and Beaver Lodge, Saskatchewan and that they protected those communities from, and prevented them from collapsing under, the predatory kinds of selling practices undertaken by other uranium producers. However, we will not have the opportunity of my being demonstrated to be correct by a judicial conclusion.

My greatest regret is that this matter will continue to be debated by those who do not understand Canada's commercial trade interests, by those who do not understand the lawful steps that are available to Canada in order to deal with quite predatory foreign trade behaviour, and by those who buy holus-bolus the arguments of American commercial interests.

Hon. Duff Roblin (Acting Leader of the Opposition): I suppose honourable senators will not object to my making some comments on the self-serving report we have just received from the minister.

Hon. Royce Frith (Acting Leader of the Government): Are you asking for leave?

Senator Roblin: If you do not wish me to speak, I will resume my seat.

Senator Frith: On the contrary, I want you to ask for leave so that I can grant it.

Senator Roblin: If anyone feels I should not be heard, I will resume my seat.

With respect to the regret the minister expressed in his peroration, if that is the correct word, about the matter not being ventilated in the courts, then that expression is shared widely. I should like him to know quite clearly that I did not make any charges. I should also like him to know quite clearly that I do not think there is any mysterious band of people in the United States or elsewhere who want to make charges against the government in respect of this matter. The charges were made by the government itself; the charges were made by the advisers to the Minister of Justice. That is where all of the information came from, so far as I am concerned. That seems to be the basis of the matter, and I think it is a little strange that the minister should not recognize that as a fact.

Whether those men who advised the government were right or wrong is a matter which is, no doubt, debatable, but the fact is that they did recommend that not only the four private corporations give an account of their dealings before the courts, but that the two public corporations do the same. So this is not some conspiracy or some oversight; this is a proposal that was put by the legal advisers to the Crown. They may have been completely wrong. The Supreme Court says that they were wrong in respect of the charges against the public corporations—not that they have not committed some act that other people might think incorrect, but merely that the law does not regard it as incorrect.

There are some occasions, although not very often, Senator Walker, when I wish that I were a lawyer like you and understood the complexities of the law. I have to accept the statements—and I accept them willingly—that the minister has made with respect to the legal situation. All I know is that, in referring to this question of crown immunity, one of the justices of the Supreme Court said—and these are her words, not mine—that she "has serious doubts that Parliament ever intended (the federal companies) . . . to have a carte blanche to

engage in illegal activities on behalf of the Crown". That is her statement and not mine.

Senator Frith: She dissented.

Senator Roblin: Yes, she did, but she is entitled to her opinion as I am entitled to mine.

Senator Frith: Quite so.

Senator Roblin: That is not the majority opinion. The point that I want to make, cutting through all the palaver here, is what is the critical public issue that has to be addressed? It is to establish confidence that our system is framed in the right order and to establish confidence that people in public organizations who do things which are deemed to be questionable are subject to the same penalty and the same examination as others in the community. Therefore, I ask the minister very specifically to tell me whether the government intends to deal with this matter. His answer to me is unclear. He says it will be considered in the context of another bill, but exactly what that means we will not know until we see the bill. That is the point that is at issue here. The fact that the government now finds itself, for one reason or another, inclined to say it was a great mistake from the beginning—in other words, that we should not have charged the two crown corporations and, since we cannot charge them, we are not going to go ahead with charges against the four private corporations—is, I think, an example of the confusion that has developed because of the poor policy posture in which the government, and thus the country, finds itself on the question of crown immunity.

I think the minister would be well advised to examine the genesis of this problem, which was not of my making but rather arose from the activities of the government through its crown advisers. He would be well advised to examine the question of immunity, which he referred to but certainly not in any definitive terms, so that we do not run into this kind of situation again. With respect to being invidious, I think it is invidious not to include the two crown corporations in the defence operation. I am rather surprised that the minister, being so keen to have a defence of his action before the courts—and I think he is right to do so—has not exercised more influence in securing some means by which this could be brought about. Not being a lawyer, I am not at all convinced that it is impossible for the Crown to waive immunity. I do not think it is impossible. They may not have to do it. The law may exclude them from the onus of this charge, but I am not at all convinced that they could not say, "We will give up the crown immunity that the Supreme Court has conferred upon us and appear before the court and give an account just as we expect the other four companies to do." If they have committed no wrong—and the minister maintains that position—there is nothing to fear. In fact, it would be helpful because it would clear the air, and that should be done. With regard to the uranium industry, in principle you want to support them, but you do not want to do so in contravention of the laws of the country. Somebody in the legal department thought that the law had been contravened, and we are still left hanging in mid-air with respect to that important issue.

[Senator Roblin.]

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, with the same leave that Senator Roblin obtained, I should also like to provide some observations. This is a bitter-sweet situation for me. As I have said before, I would much prefer that the public record demonstrate clearly what was done in the circumstances of the government's response to the uranium crisis in the early 1970s. That these judicial proceedings will deny that possibility is also now clear. Whatever Senator Roblin believes about the law, the Supreme Court of Canada has now found that crown immunity applies by statute to Eldorado Nuclear Ltd. and Uranium Canada Ltd., and the law officers of the Crown have advised that the Crown cannot waive a statutory provision because it has no discretion to do so.

I said that the Minister of Consumer and Corporate Affairs intends to introduce statutory provisions which would change this circumstance.

• (1440)

This matter had its origins in a commercial dispute between a United States entity, Westinghouse, and certain Canadian uranium producers. The embargo by the United States on Canadian uranium production in 1959 followed a period when the United States encouraged Canadian resource development for its market. Then, suddenly, it delivered this guillotine blow to the Canadian uranium industry.

The matter of the Canadian government's response in the early seventies was raised by Conservative members of the House of Commons and became something of a public debate. Those members were not content with the answers given by ministers of the Crown of the day with respect to the allegations. The Director of the Combines Investigations Branch launched an inquiry. A special investigator was retained. That investigator suggested that the issue should be proceeded with in the manner that is on the record.

We come back to the beginning point of the circle. No facts have been alleged in these proceedings to show any matter of a criminal kind or any matter which constitutes a breach of the Combines Investigation Act because, prior to hearing evidence on the merits of this matter, the Supreme Court of Canada was asked to make a ruling. There I end by saying I regret the merits were not heard, but that seems to end the matter.

Senator Roblin: I have one comment to make, and that is that the minister says that no facts of impropriety were introduced. What on earth, then, was the charge contemplated, and why was it contemplated?

Senator Austin: A charge is not facts; a charge is a charge. Facts are quite different from a charge.

Senator Roblin: No one makes a charge without some facts, so there must have been some reason for the charge.

Senator Austin: That is implying that any time someone wishes to lay a charge the onus is on the defendant to show he is not guilty of the charge. Under our law, guilt cannot be found until evidence is introduced and a court of competent jurisdiction has rendered a judgment.

Senator Roblin: My honourable friend persists in omitting the fact that law officers of the Crown—in fact, the Minister of Justice—concluded that there was a basis for a charge. One has to assume there was something to it.

Senator Austin: Under the Combines Investigation Act, the director concluded that there was a *prima facie* case to present, but that case was never presented before a court. There is no evidence before a court to show any derogation of any kind by any of these companies, private or public.

What exists is a charge issued by that director, which is, if you like, an opinion of a person, but it is not the opinion of others. It is certainly not the opinion of a court.

Senator Roblin: A *prima facie* case to me means that there is some substance which needs to be elucidated and examined. I regret, along with the minister, that it appears that that examination will never take place.

Hon. C. William Doody: Would the minister consider appointing a royal commission or an inquiry of some sort to clear the air on the circumstances? My colleague has suggested that there must have been some facts involved or the charge would not have been laid. I am sure everyone would like to have the record clear on the matter.

Senator Austin: The Minister of Justice has said that he considers the matter closed because it would be an act of unfairness to proceed against private companies. As for an inquiry, in general, that is not within my ministerial responsibility.

STANDING COMMITTEES

MOTION TO AUTHORIZE COMMITTEES TO MEET DURING ADJOURNMENTS OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government), pursuant to notice of Tuesday, December 20, 1983, moved:

> That for the duration of the present session and pursuant to rule 76(3), any select committee may meet during an adjournment of the Senate which exceeds a week.

He said: Honourable senators, rule 76(1) provides that a select committee may adjourn from time to time and, by order of the Senate, from place to place. However, rule 76(3) provides that, by order of the Senate, any select committee may meet during an adjournment of the Senate which exceeds a week.

Our committees have become even more active over the last few months; if this motion is agreed to, it will enable committees to sit without special order during any adjournment of the Senate exceeding one week. This is proposed as an experiment for the remainder of this session.

This motion is brought forward as the result of requests from committee chairmen, who may wish committees to meet during an adjournment without special order. For example, if we adjourn and a committee wishes to sit, it is impossible for it to do so unless it has permission to do so by order of the Senate before the adjournment. Adoption of this motion will give more flexibility to committee chairmen and committee members to call meetings during adjournments of the Senate which exceed one week.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I do not think we have any objection to the substance of this motion, but I would make one request, and that is, if any committee chairman decides to take advantage of this opportunity, that he give adequate notice. Some senators, when they are in their homes, are a long way away and it sometimes takes the better part of two days to get here. It is not helpful if only 24 or 48 hours' notice is given.

I would hope that the leadership on the other side could bring to the attention of committee chairmen that, if they want to hold these meetings, they should give adequate notice.

Senator Frith: Yes. In fact, during this experimental period I think it should be understood that this is an extraordinary power and, if possible, committee chairmen should consult with their members before taking advantage of it; they should try to give enough notice and suit members' convenience.

Hon. Paul C. Lafond: Honourable senators, as the co-ordinator of committees in the previous session of Parliament, I am fully in agreement with the representations of both Senators Roblin and Frith. However, in view of the notice of motion which I gave yesterday, I think it would be useful if the motion were to extend to both select and special committees of the Senate.

Senator Frith: Honourable senators, I think it does apply to both standing and special committees.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I move that the Senate adjourn during pleasure to re-assemble at the call of the bell at approximately 4.45 this afternoon. My reason for asking that we so adjourn is that, as I mentioned earlier this week, Bill C-2 is subject to a house order that takes effect today which will result in the bill's being debated at third reading as of 3 o'clock today. The order also provides for three speeches of a maximum of 20 minutes for each party. By order of the other place, the bill will then be ready to be voted on at 4 o'clock. It will be a 15-minute bell. Therefore, if all goes according to plan in the other place, the bill will be given third reading in time for us to receive it at 4.45, the time specified in my motion for the resumption of our sitting at the call of the bell.

• (1450)

Hon. Duff Roblin (Acting Leader of the Opposition): Would my honourable friend be disposed to tell honourable senators what he intends to do when the sitting is resumed at 4.45?

Senator Frith: Yes, honourable senators. As I believe I mentioned on another occasion, it is the government's wish

that this bill be given Royal Assent by the end of this year. I previously mentioned a number of plans that would be available to us in order that it be so passed.

When the bill appears here for first reading, it is my intention to ask for leave to proceed to second reading forthwith and to proceed with debate on second reading, in the hope that the bill can be referred to the Standing Senate Committee on Banking, Trade and Commerce. I would then ask honourable senators to adjourn again during pleasure to await the report of the committee. When we receive that report, I hope to proceed to the debate on third reading, giving as much time as possible for that debate. I would hope that we can complete it some time later tonight.

All of that, of course, requires leave. If leave is not granted, then I propose to adjourn the Senate. I would then ask for leave to proceed on Thursday. If leave were not granted, we would then have to proceed with the bill on Friday, continuing on into the following week until honourable senators felt ready to conclude the debate and vote on third reading.

Senator Roblin: Perhaps it is only fair for me to say to my honourable friend that he should not take for granted the question of the granting of leave. I and my colleagues are quite willing, I am sure, to have him explain to us, either now or on a later occasion, why he thinks that leave should be granted. We will not make any observation on this situation until we have heard from him. I would not think it advisable, however, to take it for granted.

Senator Frith: Honourable senators, recently I have been quite conditioned to the idea of not taking leave for granted. I do not take it for granted in this case. I will add to what I said on Monday night about why the government wants the bill passed by the end of the year and why, therefore, I believe that the Senate should begin debate on the bill—and finish that debate—as soon as we can. It may be that we will take hours to do so; it may be that we will take days or even longer.

Hon. Martial Asselin: Perhaps it's about time we had a good fight in the Senate.

Senator Frith: I'm ready when you are.

The Senate adjourned during pleasure.

At 4.50 p.m. the sitting was resumed.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Bill C-2 is presently being debated in the other place, pursuant to the order to which I referred earlier this afternoon when I asked that the Senate adjourn during pleasure to return at approximately 4.45 p.m.

Honourable senators will recall that the time of 4.45 p.m. was chosen by computing an hour of debate, as provided in the House order in the other place, plus a 15-minute bell and 15 minutes in which to conduct the vote. We therefore estimated approximately one hour and a half. Debate on the bill in the other place would have been completed by 4.30 and we would have received the bill at approximately 4.45 p.m. However, because of other proceedings, the other house did not reach Orders of the Day until approximately 4.20 p.m. If we apply the same timing, we would not receive the bill until about 5.50 p.m.

Therefore, I propose that we adjourn to resume at the call of the bell at approximately 7.30 p.m. At that time we should receive the bill, together with a note concerning any amendments. We shall also have the temporary parchment ready in order to proceed with the bill. At that time I will attempt to persuade honourable senators to grant leave to proceed with second reading.

Senator Roblin commented earlier that I would have to be very eloquent to persuade honourable senators to grant leave. I can only tell the honourable senator that I will do my best. Therefore, I propose that the Senate do now adjourn during pleasure to resume at the call of the bell at approximately 7.30 p.m.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, it may not signify much, but I can say that the third speaker in the other place has spoken for about 10 minutes and, therefore, has approximately 10 more minutes. Perhaps the Acting Leader of the Government can take that into account. I believe that we on this side of the house are agreeable to resuming at approximately 7.30 p.m., if it suits the convenience of the government.

Perhaps I should close that little loophole I left in connection with granting leave, because I am sure that certain senators would like to know definitely, particularly the honourable senator who introduces the bill. Therefore, I should make it clear to my honourable friend that we shall probably not be disposed to give leave.

The Senate adjourned during pleasure.

At 7.40 p.m. the sitting was resumed.

INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-2, to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971.

Bill read first time.

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

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, before I move the motion for second reading of Bill C-2, I would like to bring up to date those who do not know what transpired in the House of Commons, because it changes what I said earlier this afternoon.

Honourable senators will remember that I had said that I expected the bill would receive third reading in the other place, in accordance with their order, and that they would then suspend the sitting and be available for Royal Assent in the event the Senate passed the bill through all its stages. However, before proceeding to Orders of the Day in the other place, the opposition house leader, the Honourable Erik Nielsen, made a statement, while raising a point of order, to the effect that in spite of the opposition's view that the government ought to resign, for the sake of giving the bill passage and for the sake of the taxpayers the opposition would observe the house order and proceed to the vote on third reading of the bill. The house leaders then held a meeting and agreed that, since they were going to pass the bill by 6 o'clock, they would not suspend the sitting but would adjourn for the Christmas recess. Having decided to adjourn, they are, of course, no longer available for Royal Assent, which changes the position of the government as I stated it this afternoon. I learned in consultation that the other place hopes to have Royal Assent as soon as it comes back from its Christmas recess.

Under those circumstances, I propose that leave be given to deal with second reading this evening, since we are here and since the taxpayers have paid for us to get here and will pay for us to get home. So rather than come back between now and January 16 to give the bill second reading, or come back on January 16 and begin second reading, I ask that we give the bill second reading tonight. I undertake to propose that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce after second reading, and then to move that we adjourn until January 16.

We are convened here. I advised honourable senators on Monday that we would want to proceed with the second reading stage at least. In fact, at that time I was proposing more. It is not as if anyone is being taken by surprise. In effect, the *de facto* situation is that the request tonight for second reading has received more than two days' notice, therefore, it seems reasonable to proceed to the second reading stage while we are here tonight. We can refer the matter to committee, and then return on January 16 to proceed through the ensuing stages of the bill.

Therefore, I move, with leave, that this bill be read the second time now.

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

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I think I should speak to the question of leave. I do not know which aphorism to start with—perhaps "One man's meat is another man's poison, or, "What a difference a day makes." I think I should probably start with the second—"What a difference a day makes," since with respect to this question of how we should handle the bill we were told when we assembled in this chamber on Monday that the sky would fall. We were told that the government would be very annoyed at the very least if the Senate did not abandon all its rules of procedure and give itself up to the proposition that the bill should be disposed of as quickly as possible—in fact, the scenario was within a matter of hours.

I certainly made it clear that I would require a great deal of convincing to yield to the proposition that leave should be given to allow this course of events to take place. We now find at the last moment that all this bluster and bluff about the necessity of this bill's being passed today is nothing but that. It was not required for today. Suddenly the bill that had to be passed before the end of this year is now said to be quite safe if left in our hands until January 16 at the latest. I think that casts a certain shadow, or imparts a certain colour, on the whole of the discussion, and to the proposition made by the Acting Leader of the Government that we should give leave for second reading tonight. We have made it clear that we were not impressed with that proposition, and that leave would not be granted.

I think I owe it to this chamber to give some reasons as to why we thought that this was the right course to follow and why we, as an opposition, had a duty to take what in the eyes of some people may appear to be an obdurate or stubborn position. The fact is that this bill now before us is not a simple bill; it is a document of some 210 pages. It contains some of the most convoluted and dense legal phraseology that anyone would wish to see. I predict it will keep lawyers and chartered accountants in fee for many a long year to come. It is a bill which contains at least 18 tax changes of one kind or another. It is a bill which affects millions of dollars in government revenue, and in terms of our taxpayers it affects hundreds of thousands.

The proposition which was offered to us—that is, that we should dispose of this piece of legislation hugger-mugger, as quickly as we possibly could, in order to meet a deadline which has proved to be artificial and false—is a position which I, for one, would not care to defend. I think it is not defensible.

This is a bill which should be treated with the proper attention the Senate usually gives to legislation. Nobody is saying now that if the bill is not passed by January 16 the public will suffer. No one is saying that any more, although it was suggested by some at various stages of the proceedings. In fact, we know perfectly well that parts of this bill are already in operation. We know that the government has sanctioned that activity because the government itself has said that ISIPs had to be entered into by this day of grace—that is, December 21, 1983—in order to have effect in the year 1983 even though the bill has not passed. The proposition that the opposition would be doing some harm to the citizens of Canada if it did not yield to the suggestion first made, that this bill be rushed through with all possible speed, falls to the ground. It just has no logical or reasonable basis whatsoever. I find that to be a comfort, because, when an opposition takes the stand that it will use the rules to protect what it believes is in the public interest, it has at least to satisfy itself that it has a sound reason for doing so, that it is not just being stubborn.

• (1950)

I take some comfort in finding that our view that this bill was not required on December 21, but could be dealt with

later—say on January 16—is now a proposition accepted by everybody. I confess to a certain sympathy with the Leader of the Opposition having to deal with this series of requests that obviously have been made to him about the progress of this bill in the house. I think that he must share with me some satisfaction—

Hon. Martial Asselin: You mean the Leader of the Government.

Senator Roblin: What did I say?

Senator Asselin: You said the Leader of the Opposition.

Senator Roblin: I am sorry about that. Occasionally, the wrong name slips out. After all, I managed to get Jean Lesage into the debate the other day. The poor Leader of the Opposition is at home in bed in Quebec City and I have him down here. I apologize for that. I meant my honourable friend, the Leader of the Government. I have a lot of sympathy for him because I think he has been placed in a very difficult position.

I think perhaps some of the senators on the other side of the house are also pretty happy that they are not being asked to support the proposition that we should deal with this debate in the manner that was first suggested to us.

In dealing with the question of public interest with respect to the importance of the bill, I think the opposition is justified in saying that it intends to use the rules. There are not many rules in the Senate, but the Rules of the Senate are the only protection that the opposition has from a government majority, and, at times, it is justified in using them for that purpose. I think this is one of those times.

However, it is not only the public interest in this bill that concerns me; it is respect for the good name of the Senate. This institution has been under some criticism in days gone by. I can vouch for the fact that the reputation of the Senate has not been at that level of public approval and approbation some of us would wish to see. The very fact that, today, there has been leaked a report about our future—which, if true, is calling for an elected Senate—certainly has to be a grave reflection upon the nature of our business and the way we conduct it at the present time. To add fuel to that flame by saying, "Furthermore, when we get a tax bill of 210 pages, we are going to pass it in one fell swoop," would have caused the bonfire to blaze. Therefore, when one considers not only the public interest but the reputation and the image of the Senate of Canada, I think the opposition is justified in saying that it will apply the rules of this chamber in dealing with this matter, because that is the way it must proceed with respect to the public interest of the country.

All one had to do was listen this afternoon to the report of the senator who chaired the committee that dealt with this matter. He read into the record the highlights of a very difficult bill. I wonder how many members of this chamber would have had the foggiest idea what he was talking about, unless they had been in the committee. I would also remind honourable senators that the report is not yet in writing; we have not had a chance to see that report, and yet the government wishes to have second reading tonight. The very point of having the committee do a pre-examination of the bill was to give us information so that we could deal more effectively with the legislation before us. It is not in print; it is not in French; it is not even in English; it is not before us. It is a verbal report, and I admit my responsibility in agreeing that it should be. Looking back, I see my mistake and I doubt that I will do the same thing again. However, that is the situation in which we find ourselves at the present time.

The Senate is supposed to be the repository of sober second thought, and yet tonight we are being asked to proceed in a manner that is not provided for in our rules and that will obviously not allow us to give the bill the attention it should receive.

I would like to make something else clear to my colleagues in this house. We have no intention of being obstructionists with regard to this particular piece of legislation. We have recognized the wish of the government that this bill receive Royal Assent on January 16, and, as far as we are concerned, we are willing to do our part to see that the bill is debated with all deliberate speed so that Royal Assent can take place on or around the date mentioned. So, we are not interested in obstructing this measure; we are not interested in holding up the government with respect to this piece of legislation; we really want to see the Senate conduct its activities in the manner in which it should.

I think it would have been a humiliation had we been asked to deal with the bill as originally suggested, and I am very pleased that that is not now the case.

I do think that there is a case now for following our own rules and for using our own common sense. There are certain time limits set out in the *Rules of the Senate* which we should pay some attention to, and if we follow the dictates of common sense, we will realize that there is plenty of time for us to deal with the bill. The question of Royal Assent has been removed until January 16. I am prepared to see that the bill is in such shape that it can receive Royal Assent on that date. If we proceed in that way, we can do our duty and, at the same time, not impede the legislative responsibility of my friend opposite in any way that could be seriously faulted.

Honourable senators may have gathered from what I have said that we are not prepared to give leave, but we are prepared to deal with the bill in accordance with our rules.

Senator Frith: Honourable senators, before the question of leave is put—apparently it will be refused—let me just clarify a couple of points that I think were not accurately stated by Senator Roblin.

I did not say this bill ought to be passed this evening. I said that the government wished to have this bill passed by the end of the year. I said that we should not attempt to pass the bill this evening, but be prepared to sit for as long as necessary in order to have it passed by December 31. That would give the Senate a great deal more time to deal with this than just simply this evening.

What Senator Roblin has said is relevant to the question of insisting on three readings this evening. I want it to be clear

that all I was saying before tonight was that we should take a run at that; however, circumstances have changed.

Secondly, I am not now asking leave to have this legislation receive first, second and third reading this evening. I simply said that we have known about the bill for some time—at least we have been talking about it since Monday—and that we should proceed to second reading this evening. All we will be debating is the principle of the bill—

Senator Asselin: Where is the report of the committee?

Senator Frith: We do not have one. The report we have received is a report on the pre-study which took place.

Senator Asselin: The report of that committee was not in both official languages.

Senator Frith: If we proceed to second reading this evening, all we will have accomplished is a referral to the committee.

Senator Asselin: I want to see the report first.

Senator Frith: That is not the report on the bill. Even if that report did not exist, I would still be asking that the bill receive second reading this evening and be referred to the committee. The report of the committee on a pre-study is not intended to assist us in understanding the principle of the bill; it is intended to assist us in understanding the details of the bill, and that is precisely why, after second reading and debate on the principle of the bill, we refer bills to a committee.

I think the principle of this bill has been before us for at least three days. I am only asking for leave to proceed to second reading this evening. As I said, we are here this evening, and I think we should proceed to second reading. That is what I am requesting. We have prepared ourselves for that. We knew we were going to at least attempt to do that this evening, at least. I think it is unreasonable not to grant that request. I consider that to be totally unreasonable. One could not say it is totally unreasonable not to give consent for three readings this evening, or to refuse to participate in three readings this evening, but, in the circumstances, and bearing in mind the length of time we have known the principle of the bill, to simply say, "No, we will not give leave to proceed to second reading, though we have prepared ourselves for it," is unreasonable. That is my view, but apparently it is not shared by the opposition.

Hon. Peter Bosa: Honourable senators, I should like to ask a question of the Acting Leader of the Government in the Senate in order to clarify what Senator Roblin stated. When he said there was no way by which we can have Royal Assent given to Bill C-2 before the end of the year, did he mean he was prepared to have the bill passed and assented to by January 16—in other words, on that day there will be consent for second reading, third reading and Royal Assent? Did I understand that correctly?

• (2000)

Senator Frith: If I understood Senator Roblin correctly, he said that he would facilitate that, but that there could not be Royal Assent before January 16, which means that we could come back and have second reading on January 4, January 5 or January 9. What I am saying is: Why should we come back on January 9 when we can do it this evening?

Senator Roblin: We cannot do it this evening.

Senator Frith: We can if we get leave.

[*Translation*]

Hon. Martial Asselin: Honourable senators, it is certainly not my intention to fuel the flames. I don't think I want to stir up a discussion that would probably be useless. With Senator Roblin, I fully sympathize with the position in which my honourable friend the Acting Leader of the Government in the Senate finds himself this evening.

It is not his fault. It is not the fault of the Opposition either, but we are faced with a fait accompli, where the other place is thumbing its nose at the Senate. When I say the other place, I am not only referring to the Government Members, I include the Members of the Official Opposition. They use the Senate as it suits them. When they can undermine the Senate, they are not particular about their methods. It is hardly surprising that today, people are saying the Senate should be abolished or should be elected or should disappear altogether. If we were to act on the recommendations of the Acting Leader of the Senate this evening, it would, once again, be an affront to the dignity of this Chamber.

I said—I am not going to reveal any caucus secrets—but this morning, I protested against a request by some Members of our Party who wanted us to proceed with all three stages of Bill this evening.

Senator Frith: We are trying.

Senator Asselin: No, I'm not talking about you, but about members of my Party who wanted us to adopt all three stages this evening. I told them: You are not going to force us to consider legislation, as the Acting Leader of my Party said earlier, that is over 200 pages long, contains substantial legal technicalities and requires careful study—

Senator Frith: This evening we only want to consider the principle.

Senator Asselin: I don't know whether I will be in favour of the principle of the Bill.

Senator Frith: The principle is considered at the second reading stage.

Senator Asselin: I have not seen the Bill. I can inform my honourable friend that I cannot vote on the principle because I haven't seen the Bill and I haven't seen the Committee's report.

The Chairman of the committee did not even give Francophones like myself—and this has not happened often in the Senate during the last ten years—a chance to examine the committee is report in French.

I do not have the report before me and my honourable friend tells me that it is only the report of a preliminary study.

Senator Frith: That is normal.

Senator Asselin: Please, do not interrupt me. You will have plenty of time afterwards. You will be free to speak as long as you want.

Senator Frith: We can have second reading of a bill without any report.

Senator Asselin: I am saying to my honourable friend that, when he urged us to send the bill to committee for a preliminary study, it was precisely to have before us the report of the committee which would give us an indication of the position to be taken at least on the principle of the bill. I do not have that report before me.

Besides, as a French-speaking senator, I am insulted because the report is in English and no French translation is available. When will I have it? In two or three days maybe?

Senator Frith: The committee report is before third reading.

Senator Asselin: I want to read the report; it is my privilege to read the report of the preliminary study of the committee, because I want to know who were the witnesses who appeared before the committee and on what principle they can justify the presentation of the bill before us this evening. That is my privilege as senator.

I will not let Senator Frith deprive me of my privileges. I have been here for eleven years and I have some idea of the privileges of parliamentarians and senators.

I am saying that Senator Frith may have made a few promises. Perhaps he said to the members of the other place and to the Leader of the Government in the Commons: No problem, I will arrange everything and you will have the three readings today.

It is important, and he said so this afternoon, that this piece of legislation be adopted before Christmas because it is very urgent in the eyes of the government. Did you or did you not say so this afternoon?

Senator Frith: No, not before Christmas, but before the end of the year.

Senator Asselin: Well, before the end of the year. Things are different tonight. The government has changed its mind. This piece of legislation came to us at 6 o'clock or 6:30 this evening; but in spite of this, my honourable friend still wants to force the senators to vote on the extremely important underlying principle of this bill. The bill deals with public funds, with our tax dollars. This too is very important.

We are here in the Senate to scrutinize government expenditures and to determine to what use our tax dollars will be put before voting on supply.

Our friend is saying that, as we are here, we shall proceed with second reading. We say that we are not ready and that he is taking us by surprise. He is a brilliant lawyer and I know that he has had a remarkable legal career. He must know that as soon as you tell the court that your opponent has taken you by surprise, the judge will hesitate before deciding that he may proceed. I therefore contend that my honourable friend is not being reasonable.

[Senator Frith.]

This bill does not have to be passed by New Year's day. The interests of Canadian taxpayers are not at stake. The government has told us by not coming back for Royal Assent that they do not need the bill for January 1. Even though I do not have the report of the committee in French, in my mother tongue, my honourable friend tells me: "You must still vote on the principle of the legislation before us." Never! He should know me better.

I believe that for once, we in the Senate have shown this year that we are willing to consider all the legislation referred to us by the other place on the condition that we are given enough time.

Members of the other place must learn that they cannot bring the steamroller into the Senate any time they please, as they have been doing for years.

Every year before Christmas, we receive an important piece of legislation and are told: Hurry and pass this legislation. To comply with the wishes of the other place the senators hurry, sit in committee, consider the bill, and within a few hours, agree to a piece of legislation which is sometimes extremely complex and as important as the one now before us. And this is simply to please, not only the Government but also the Opposition parties in the other place, who have no consideration whatsoever for the Senate. They view the Senate as a tool that must function according to their whims and wishes. There has to be an end to this!

People will rightly say: This Senate, this useless body, must be abolished. If tonight we are forced by the Acting Leader of the Government in the Senate to proceed with this Bill, if only to accept it in principle, if he insists, urging us to be reasonable his action will do the Senate a disservice. Again, he would have the Senate appear ridiculous in the eyes of Members in the other place, who have been mocking this institution for so long.

[*English*]

The Hon. the Speaker *pro tem:* Honourable senators, the question before the Senate is: Is leave granted? I have gathered the impression that leave is not granted.

Senator Frith: Honourable senators, with leave, I move that the bill be placed on the Orders of the Day for second reading tomorrow.

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

Senator Roblin: No.

Senator Frith: In that case—

Senator Roblin: Just a moment, I wish to explain why leave is not granted.

Senator Frith: The honourable senator has already done that.

Senator Roblin: I have not; this is another proposition entirely.

Senator Frith: You are refusing leave.

Senator Roblin: I want my reasons to be known, because some who observe these proceedings may be interested to know why we are not taking the opportunity offered to us by my honourable friend to deal with this matter in the way that he suggests.

• (2010)

What is this bill? It is 210 pages in length. I want to know who has read this bill. Who has done anything more than crack the cover of this bill that we are being asked to deal with tonight?

Senator Frith: That is no longer the case; you are not asked to do anything tonight.

Senator Roblin: You want it tomorrow. All right, we have all night to read it. There are 210 pages and we have all night to read them. Is anyone suggesting that we should pass this bill without having a nodding acquaintance with its contents?

Senator Frith: No, just to accept its principle; that is all.

Senator Roblin: "The principle"! I like that expression—"the principle." Here is a taxation bill with 18, or 20, or goodness knows how many more principles in it, and we are asked to debate the principle. What is the principle of this bill? Is it to tax or not to tax? Is it to refund or not to refund?

Senator Frith: It is to implement the budget.

Senator Roblin: It is to implement the budget. Well, if it is to implement the budget, I certainly do not want to debate that principle of the bill because it will surely take longer than January 16 to do so.

Honourable senators, it is not reasonable to ask us to consider this bill in the time limit advised. We have been told that we have had it before us for some time. Since when? When did this bill appear on the desks of the members of this house? Tonight, possibly, or yesterday. The members of this chamber have not had the bill in their hands for days, as my honourable friend has suggested.

Senator Frith: The principle has been before us.

Senator Roblin: Principle! If my honourable friend keeps talking about principle, one will think he is talking about capital punishment. It is capital punishment, all right, but not in the physical sense. It is capital punishment of another sort on a good many of the taxpayers of this country and presents little relief for some others.

Honourable senators, there is no way in which we can discuss this bill in abstract terms of principle unless we deal with its contents, unless we deal with the tax implications that are involved here and matters of that kind. We in this chamber do not yet know what this bill is worth. We do not know how much money this bill represents, in terms of lost government revenue, increased government revenue, taxation of citizens or the category of citizens that will benefit. We do not know of these things. How can we possibly debate the principles which are enshrined in the multitudinous pages of this bill without some further consideration?

I think that on that ground, if no other, we would be well advised to say "No, thank you." The rules protect us to the extent that we have another 24 hours to think about this bill and to do something in respect of it. After that time, if we follow the regular courtesy and custom of this chamber, if we are not prepared to deal with it we can adjourn it and deal with it at a later date, when we will have at our disposal the facts that enable us to consider it intelligently.

I say to my friends opposite that there is a reason why we do not intend to grant leave to consider this bill. As well, I say it is unnecessary. Why should we? What is the pressure? We have until January 16. We have given a fair offer on this side of the chamber. We have said that we will not obstruct the bill, we are not going to be like a dog in the manger about it.

If the government wants Royal Assent given to the bill by January 16, I am sure that if my honourable friend and I went behind the Speaker's Chair, we could come to some kind of agreement that would make that possible. I am prepared to do that. That is a fair offer. But to waive the rules and to leave it until tomorrow—no way!

Senator Frith: Honourable senators, I take it that that leads, in more simple terms, to the word "no." We will therefore observe the rules.

I move, in strict conformity with the rules, that the bill be placed on the Orders of the Day for second reading on Friday, December 23.

Senator Bosa: Honourable senators, before the motion is put, would it be possible to adjourn for five minutes to see whether a reasonable agreement could be reached? After all, Friday is two days before Christmas and perhaps an amicable arrangement could be made if the Acting Leader of the Government and the Acting Leader of the Opposition could get together. I ask honourable senators to reconsider this proposition.

Hon. John M. Godfrey: Honourable senators, I think that the Acting Leader of the Government in the Senate owes us an explanation as to why we should have second reading this Friday, as opposed to some time in January which will meet the deadline of January 16. In my view, the chamber is owed an explanation.

Senator Frith: Honourable senators, if we are to have second reading, it will have to take place sometime between now and January 16. We have to deal with it sometime in that period. The alternative would be to return next week or the first or second week in January. I am simply saying that in my view it is better to dispose of second reading before then and not have to return early in January. It is a judgment call—

Senator Asselin: It is your judgment, your decision. Will you consult with your colleagues?

Senator Frith: Perhaps I have misunderstood. I thought that Senator Godfrey had asked me for my explanation.

Senator Godfrey: Yes, I did.

Senator Frith: That is what I am giving. I am not speaking for anyone else. I have considered many factors. It was my

decision that we should deal with the matter this evening and then go home; but I am told that that would not be reasonable. Therefore I suggested that we should deal with the bill tomorrow; but that suggestion was not accepted. Members of the opposition are insisting that we should follow the rules. Therefore I am following the rules, and the earliest date on which we can deal with second reading, in accordance with our rules, is Friday. That is why I am asking honourable senators to support the motion to adjourn second reading until Friday of this week.

There are other choices, and none of them is totally unreasonable; but on balance I believe that my suggestion offers the best method of dealing with second reading. Once that has been completed, we can consider adjourning until January 16.

Senator Roblin: I must point out to my honourable friend that if we are to follow his suggestion and if we are to proceed with the bill on Friday, then, speaking for myself, I will be here. It is not as though we must return for Royal Assent before January 16th, because we have the committee stage to be dealt with and there is a good deal of the committee study that has not been completed. In addition, we have to deal with the report of the committee and with third reading. Therefore we shall be here in January anyway. Therefore I would suggest to my honourable friend—and I hope it is a constructive suggestion—that we get together on this. I believe we could set a date in January, thus avoiding sitting on Friday, and reach an understanding as to the time element involved, so that my honourable friend can discharge his duty. I am sympathetic to his duty. He has an obligation to have the bill assented to, and we have a duty to see that the bill receives Royal Assent under reasonable terms and conditions. We are not entitled to be unreasonable about it, although, of course, the question as to what is "unreasonable" is a matter of opinion. I say to my honourable friend: Why do we not suspend the debate for a few minutes to see if we can decide on a timetable. What does he want to do? He would like to have the bill passed and ready for Royal Assent on January 16. I understand his position, and I am prepared to agree that it should be done. It is merely a question of how it should be done. I hope that he will accept my suggestion that we meet to set a timetable in January, to the benefit of all members of the Senate.

Senator Frith: Honourable senators will know that earlier today we granted the committee power to sit during the adjournment of the Senate, it being an adjournment of more than one week, without a special order. I would prefer to have second reading before we adjourn, in order for the committee to be properly seized of and to study the bill. I do not like the idea of the Senate's sitting until December 23, but I believe that we should at least refer the bill to committee before we adjourn this week. However, if honourable senators would prefer to return early in January, and for the committee to sit in the interim, then let us talk about it. Senator Roblin is refusing to give the bill second reading tonight or tomorrow and he does not even want to deal with it in accordance with the rules. Obviously, there are others who share his view.

[Senator Frith.]

• (2020)

Hon. David Walker: Everybody.

Senator Frith: The committee has already reported on its pre-study of the subject matter of the bill and I would like to refer the bill itself to committee. However, if honourable senators wish to suspend the sitting for a few minutes to talk about the matter, let us do so.

The Hon. the Speaker *pro tem:* Honourable senators, the suggestion has been made that we suspend the sitting for a few minutes and come back at the call of the bell. Is it your pleasure to adopt that suggestion?

Senator Frith: Perhaps we should choose a definite time, say, 8.45 p.m. That should give the Acting Leader of the Opposition and me enough time to talk to our caucuses and to each other.

Senator Roblin: There is one final point I would like to make. If we decide to meet on Friday, I for one will be here. However, I cannot give a guarantee that we will not adjourn the debate or that we will be willing to vote on Friday. Of course, the adjournment of the debate is at the pleasure of the house and it is conceivable that our request for an adjournment might be refused. Such a move would require considerable justification. I make these points because I do not want this situation to become even more embroiled than it is already.

Senator Asselin: Even if we sat tomorrow we could adjourn the debate.

Senator Roblin: That is right. But I do not wish to get too disputatious because once you get into a firm position your pride may be at stake and you may have problems of that sort, and this might not be conducive to the harmonious conduct of our business. If the Acting Leader of the Government and I were to meet after meeting with our caucuses, we may be able to hammer something out.

Hon. Paul C. Lafond: Honourable senators, I have no problem as far as attendance is concerned. I am here every day of the week and I have no intention of absenting myself during the holidays. Since the government has accepted the fact that Bill C-2 will not receive Royal Assent before the end of the current year, what is so sacred about giving Royal Assent on January 16? Could it not be given on January 18?

The Hon. the Speaker *pro tem:* Is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to re-assemble at the call of the bell at approximately 8.45 p.m.?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

At 9 p.m. the sitting was resumed.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I am glad to report that after caucuses

and a brief discussion with the Acting Leader of the Opposition we have come up with a compromise—as he says, in the traditional place, behind the Speaker's Chair. The compromise reached is as follows: We proceed now with the debate on second reading in order to hear Senator Buckwold only. Senator Roblin has undertaken that the reply to the second reading will proceed on January 16. It is our objective and hope as part of our understanding that, whatever happens to the debate after that time, the committee will obtain its reference after second reading some time after Monday, January 16. At 2 o'clock on that day the debate on second reading will appear as the first order of the day. It is understood that, although the committee has made a report tonight, it can in the meantime, if it so wishes, continue to study the bill in order to save time.

Hon. Martial Asselin: That is on the condition that the report of the committee will be in the two official languages?

Senator Frith: Yes. That is an interesting point, since the report will appear in the two official languages in the *Debates of the Senate* for today's date. Those copies of *Hansard* will be available for everyone tomorrow, but, of course, everyone will have gone home by then. Do you suggest we send copies of the debates to those who want it or to everyone?

Senator Asselin: To everyone.

Senator Frith: Why not? It will be our Christmas wish to them, or, rather, our New Year's wish.

Those are the points of compromise, honourable senators; if I have misstated something, Senator Roblin will correct me. First, however, I wish to thank him, and to thank Senator Bosa and honourable senators for suggesting that we try this approach. I am very much in favour of the solution.

Hon. Duff Roblin (Acting Leader of the Opposition): I think we have arrived at a decision in the usual tradition of the Senate, that is, by amicable discussion. It is gratifying to me that we have found it possible to reach an understanding on this matter in the way we have. On this side, we are glad to allow Senator Buckwold the opportunity to make his presentation tonight. It is convenient for him and for us that he should do so and we are glad it will take place.

We feel that our point is covered because we are not now being asked to deal with the matter ourselves. It has been suggested, and I agree, that we should deal with it on the 16th of next month when we meet again. It is reasonable that we should be ready to make our presentation at that time so that the bill can proceed through the committee stage without undue delay. Perhaps it is in the spirit of Christmas goodwill that we have arrived at a solution. If the chairman of the banking committee feels disposed to call his committee for further pre-study, there is nothing to prevent him from doing so.

As far as we are concerned, that covers our grounds. Our position that bills coming before this house receive their proper attention and our concern for the reputation of the Senate and the way in which we conduct our business are adequately protected. On the other hand, the government is getting what it wants, namely, some assurance that the bill will be dealt with in a time frame that meets its requirements. In my opinion, everyone should be satisfied with this solution.

SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold, with leave of the Senate and notwithstanding rule 44(1)(*f*), moved second reading of the bill.

He said: Honourable senators, as the old politican started one speech, he said: "Before I begin my talk, there is something I would like to say". I want to take this opportunity of personally expressing my appreciation to members of the opposition and of the government for making it possible for me to make my humble presentation tonight. I must admit that it would have been almost impossible for me to do so tomorrow because of commitments I have back home. I am most thankful that you have given me this opportunity.

If I may be permitted a little bit of levity, I must admit that there is one aspect of the rules in which I might be faulted, and I pass this on to my legal friends across the way. Section 38 of the rules of the Senate reads:

"All personal, sharp or taxing speeches are forbidden."

I do not intend to be sharp or personal, but I hope that no one will call me on the fact that this is a speech that is taxing. I will do my best to make it as untaxing as possible.

Honourable senators, this bill has three major elements: First, the changes to the Income Tax Act proposed in the April budget; second, the Indexed Security Investment Plan; third, the proposals for changes to the tax incentives for research and development as outlined in the consultative document dated April 19. Finally, the bill also implements a number of technical amendments to the Income Tax Act as announced on April 5th.

First of all, honourable senators, I would like to review some of the major tax measures that are before us. A major element of the April budget was to accelerate productive investment and job creation in the private sector. The bill improves the effectiveness of the federal investment tax credit. It allows credits earned for eligible investment made after April 19th, 1983 to be used without limit to reduce federal income tax payable and unused credits to be carried over for reduction in any of the three previous or seven subsequent years. Also, the investment tax credit will be extended to heavy equipment used in the construction industry. These improvements to the investment tax credit will provide support of approximately $1.3 billion for private investments over the next four years.

As members of the committee will agree, honourable senators, the formula for achieving the particular objective outlined in the bill is complicated. However, I am sure that those who will benefit will be most appreciative of its impact.

The bill provides two incentives relating to investment tax credits that will further encourage new expenditures by businesses that are not currently paying income tax. First, a portion of the credit resulting from expenditures made after April 19, 1983 and before May 1, 1986 will be refunded to the business incurring the expenditure. For small business corpora-

tions and unincorporated businesses, 40 per cent of investment tax credits not used to reduce income taxes will be refundable. For other businesses, 20 per cent of such credits will be refundable.

• (2110)

Second, the introduction of the special recovery share purchase tax credit will allow corporations with unused investment tax credits to flow out the credit to investors who subscribe for new equity shares in a corporation. The credit, which may be as much as 25 per cent of the value of such shares, can be offset against the investor's tax liability. Pension funds and other tax exempt investors may obtain an equivalent benefit by obtaining a refund of any share purchase tax credit earned by them. This measure applies to shares issued after June 30, 1983 and before 1987.

I am sure all honourable senators are following my argument in every detail! The fact is that it is a little difficult to follow, but those who are on the committee are well aware of how the flow-through operates.

It is estimated that these two measures should provide a further $640 million of support to private investment. The combined impact of these measures will be to allow many more businesses to take advantage of tax incentives that promote investment and, therefore, to participate in the economic recovery and the creation of long-term employment in the private sector.

The bill also allows business losses to be carried back three years and carried forward seven years, instead of one year back and five years forward as at present. The three-year carry back will be phased in over two years for most businesses, but for small business corporations, this new benefit will take effect immediately. Farmers and fishermen will be immediately entitled to a three-year carry back and a ten-year carry forward of losses. These measures will allow businesses to take advantage of their losses and will increase cash flow by $305 million this year.

I should like to say a word now on the Indexed Securities Investment Plan. Again, I have to admire the people who were able to put into legislative words a very complicated proposal, a proposal which should benefit to a significant degree Canadian taxpayers. The encouragement of Canadians to invest a greater proportion of savings in the common equity of Canadian corporations is an important part of the recovery program and is an important thrust of the last budget. I believe that Canadians should invest a much larger share of their savings in common equity than has been the case in the history of this country. The ISIP is intended to assist Canadian corporations to raise equity and, at the same time, offset the effects of inflation on the taxation of this form of investment gains on the investor.

Though the cost to the federal treasury of the ISIP program will not, for technical reasons, be very great in the first year or so, once the program reaches maturity it is estimated it will involve some $300 million per year in forgone revenues. It is considered that this is a worthwhile investment towards

[Senator Buckwold.]

encouraging greater and more widespread equity investment by individual Canadians. Though the plan itself is complex in its operation, this will not be a problem for individual investors. The detailed accounting will be handled by the financial institutions and investment firms that will offer ISIPs.

I want to say a word now about incentives for research and development, which is another major factor. The consultative paper tabled last April 19 showed that Canadian tax incentives for research and development compare very favourably with those of other countries, but that there are areas where they could be made more simple and more effective. An extensive process of consultation ensued, and its results are now reflected in the measures in the bill dealing with research and development incentives.

I might say, honourable senators, that there were many, many consultations with industry and with those involved in scientific research and development in order to come up with a program that would have a real thrust in this important field.

One of these measures will replace the 50 per cent allowance for incremental R&D expenditures with an increase of 10 percentage points in the investment tax credit for overall R&D expenditures. This will simplify the delivery of these incentives and increase their use to business—particularly firms in the hi-tech industry and those with extensive research and development programs.

The other important R&D measure in the bill introduces a new mechanism for financing research. This mechanism will permit the flow-out of a special 50 per cent tax credit to investors by corporations that renounce the tax credits and deductions on their research expenditures. Investors who provide financing to the corporation in the form of equity or debt, or pursuant to specific contractual arrangements, will be eligible for this special tax credit. This measure will be of particular benefit to those corporations which are not currently taxable and, therefore, do not benefit from the existing tax incentives. It will simplify significantly the tax-assisted financing of R&D. I think this is very important because many of these companies that have these incentive programs were not able to take advantage of them because they were not making a profit due to a variety of reasons. Under this program investors will be able to participate in those write-offs through this particular mechanism.

I should like to say a few words about tax measures for the individual Canadian. In addition to provisions aimed at encouraging investment, which I already mentioned, the bill also contains a number of measures that are important to the individual taxpayer. Canadians who purchase a new home before the end of 1984, and who are eligible to contribute to a Registered Home Ownership Savings Plan, will be able to deduct from taxable income in one lump sum the amount needed to bring their total deductions up to the $10,000 limit. Previously, annual deductions were limited to $1,000 per year. The bill also provides that in 1983, as a special short-term incentive, RHOSP holders will be allowed tax-free withdrawals of any amount used for the purchase of designated home furnishing or appliances. These measures have provided a

substantial stimulus for the manufacturing and construction industries and for the employment situation in these vital sectors.

The bill also provides for a rise in the employment expense deduction which will increase from 3 per cent to 20 per cent of employment income, subject to the current maximum amount of $500. Approximately 4 million employees whose annual employment income is below $16,700 will benefit from this measure. By increasing the percentage to 20 per cent of employment income, people of lower income will enjoy a significant advantage, the ceiling being the same.

Three major tax components of the federal child benefit system have been changed to help lower income families, working parents and others in need. The ceiling on the child care expense deduction will be raised from $1,000 to $2,000 per child and from $4,000 to $8,000 per family. I believe that is a much needed amendment. The child tax credit has been maintained at $343 for the 1983 fiscal year, and will continue to be fully indexed to the inflation rate in subsequent years. However, to ensure that this credit is applied only to those who need it the most, the bill provides that the family income threshold above which the child tax credit begins to be phased out will remain at $26,300 for 1983 and subsequent years.

Third, for 1983 and subsequent taxation years, the bill will maintain at its current level of $710 the tax exemption for children and other dependents under 18 years of age. The net effect of these changes will be, starting in 1984, to increase government revenues, which will be used to reinforce social programs available to Canadians in need.

• (2120)

Honourable senators, let us provide the certainty and stability of the legislative measures required to support sustained expansion of business investment and employment in Canada, an objective this government is pursuing with a great deal of vigour and which I hope will be supported by all senators.

As I conclude, may I say that the report of Senator Barrow, the chairman of the Standing Senate Committee on Banking, Trade and Commerce, does give a very full explanation and more detail of many of the items which I have discussed. In due course, Senator Asselin will be able to have someone read it to him and tell him what is in it. I am sure he will enjoy it and find the information Senator Barrow so carefully prepared very informative.

Although there are, as Senator Roblin has indicated, 210 pages in this bill, and it contains some quite complicated and sophisticated legislation, there are really only basically 10 or 12 major items on which the committee concentrated, and many of the other items are relatively insignificant. I am hopeful that the Senate will look with approval on the bill and that the committee will have another opportunity to review this legislation, which, in the opinion of many, will be most helpful to those Canadians who need it most and should contribute to the growth and expansion of this country.

Hon. Senators: Hear, hear.

On motion of Senator Roblin, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT—CHRISTMAS GREETINGS

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Monday, January 16, 1984, at 2 o'clock in the afternoon.

He said: Honourable senators, just before the motion is put, I would like to say that I believe our proceedings this evening had all the elements of a genuine compromise in the sense that each of us stood for a principle and each of us had to compromise only partially. I thank Senator Roblin for his co-operation.

Honourable senators, on behalf of the government and on my own behalf, I wish to pass along season's greetings to all my colleagues and, of course, to our loyal and hardworking staff of whom we really are very proud, and that includes all of them here this evening—the Debates staff, the Clerk's staff, the pages and everyone who makes it such a pleasure to be a Canadian senator. We thank you and we wish you a very happy Christmas and a very nourishing holiday, in every sense of the word, between now and January 16 next.

Hon. Duff Roblin (Acting Leader of the Opposition): I should like to ask the indulgence of the Senate to reciprocate the good wishes we have just received from the Acting Leader of the Government. I should like to say that this evening I had the pleasure of a telephone conversation with my leader, Senator Flynn. He particularly asked me to convey his warm good wishes and season's greetings to everybody in this chamber, whether they are here by appointment of the Prime Minister or whether they are here by the good luck of the public service. I have the greatest pleasure in extending his warm wishes to everyone.

Honourable senators, I think tonight has been an interesting occasion. We in the opposition have stood up for what we think are our rights, and I am happy to say that I think the government recognized the validity of at least some of the points we were trying to make. That is a matter of mutual satisfaction. We can all be pleased with that.

I join with the Leader of the Government in expressing to all here tonight not only those greetings from Senator Flynn but the best wishes from all of us here. I admit that the opposition is pretty thin on the ground tonight; I can count four.

Senator Frith: But it is strong in quality.

Senator Roblin: I am quite satisfied with the quality, believe me, and I wish everyone a merry Christmas and a happy new year.

Senator Frith: Honourable senators, let me also mention that Senator Petten and I visited Senator Olson today at the DND hospital. He is making excellent progress. He was in excellent spirits, although, as can be expected, he tires very quickly. I am happy to say that he is improving each day and that it looks as though we are going to have our two leaders back with us very soon.

In case honourable senators leave too quickly, perhaps His Honour will permit me to mention that he will receive us in his chambers so that we may greet each other and launch our Christmas holiday in an appropriate fashion. Am I authorized to say that, Your Honour?

The Hon. the Speaker *pro tem:* You are. Honourable senators, on behalf of the Speaker of the Senate, who cannot be here this evening, and on my own behalf as Speaker *pro tem*, I wish everyone a very merry Christmas. In the spirit of peace, amity and understanding, and on behalf of His Honour the Speaker, I invite everyone to the Speaker's chambers now.

The Senate adjourned until Monday, January 16, 1984, at 2 p.m.

THE SENATE

Monday, January 16, 1984

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

Prayers.

BUSINESS OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government): I welcome honourable senators back and thank them for attending earlier than anticipated. The reason for this earlier sitting is that the former Speaker of the House of Commons, Madame Sauvé, has been named Governor General, and, according to tradition, the Governor General receives in this Chamber the new Speaker of the House of Commons. The election of the new Speaker is now taking place in the House of Commons.

Therefore, the Senate will now adjourn, to resume at the call of the bell at about noon, after which His Excellency the Governor General will arrive to receive the new Speaker of the House of Commons.

I am sure that all honourable senators rejoice in the appointment of Madame Sauvé as Governor General and join with me in wishing her well.

Honourable senators, the program for the balance of the day is to adjourn immediately after these proceedings until 2 o'clock, when the eight new senators will be sworn in. We will then proceed with our usual order of business, which, after Question Period, will involve the resumption of the debate on second reading of Bill C-2. Accordingly, I move that the Senate do now adjourn, to resume at the call of the bell.

The Senate adjourned during pleasure.

At 12.05 p.m. the sitting was resumed.

THE NEW SPEAKER OF THE HOUSE OF COMMONS

COMMUNICATION FROM GOVERNOR GENERAL'S ADMINISTRATIVE SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Administrative Secretary to the Governor General, as follows:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

January 16, 1984

Sir,

I have the honour to inform you that His Excellency the Governor General will proceed to the Senate Chamber today, the 16th day of January, 1984, at 12 noon for the purpose of receiving the new Speaker of the House of Commons.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Hon. the Speaker: Is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to await the arrival of His Excellency the Governor General?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

At 12.10 p.m. His Excellency the Governor General having come and being seated upon the Throne—

The Hon. the Speaker said:

Gentleman Usher of the Black Rod,

You will proceed to the House of Commons and acquaint that House that it is the pleasure of His Excellency the Governor General that they attend him immediately in the Senate Chamber.

The House of Commons being come,

Their Speaker, the Hon. Lloyd Francis, said:

May it please Your Excellency,

The House of Commons has elected me their Speaker, though I am but little able to fulfill the important duties thus assigned to me.

If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons, whose servant I am.

The Hon. the Speaker of the Senate answered:

Mr. Speaker, I am commanded by His Excellency the Governor General to assure you that your words and

actions will constantly receive from him the most favourable construction.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

Hon. William C. Petten: Honourable senators, I move that the Senate do now adjourn during pleasure to resume at the call of the bell at approximately 2 p.m.

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

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

At 2.05 p.m. the sitting was resumed.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Ian Sinclair
Leo Kolber
Philip Deane Gigantes
John Stewart
Michael Kirby
Jerahmiel Grafstein
Anne Clare Cools
Charles Watt

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following honourable senators were introduced; presented Her Majesty's writs of summons; took the legally prescribed oath, which was administered by the Clerk; and were seated:

Hon. Ian Sinclair, of Toronto, Ontario, introduced between Hon. Royce Frith and Hon. Keith Davey.

Hon. Leo Kolber, of Montreal, Quebec, introduced between Hon. Royce Frith and Hon. Jack Austin, P.C.

Hon. Philip Deane Gigantes, of Montreal, Quebec, introduced between Hon. Royce Frith and Hon. Renaude Lapointe, P.C.

[The Hon. the Speaker.]

Hon. John Stewart, of Bayfield, Nova Scotia, introduced between Hon. Royce Frith and Hon. Ernest G. Cottreau.

Hon. Michael Kirby, of Halifax, Nova Scotia, introduced between Hon. Royce Frith and Hon. Charles McElman.

Hon. Jerahmiel Grafstein, of Toronto, Ontario, introduced between Hon. Royce Frith and Hon. Keith Davey.

Hon. Anne Clare Cools, of Toronto, Ontario, introduced between Hon. Royce Frith and Hon. Peter A. Stollery.

Hon. Charles Watt, of Fort Chimo, Quebec, introduced between Hon. Royce Frith and Hon. Willie Adams.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

• (1410)

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, on behalf of the government I welcome as new senators eight outstanding Canadians who have made notable contributions to our nation, each in his or her own way. They now add lustre and distinction to our own institution, the Senate of Canada.

[*Translation*]

I do not intend to address myself to each senator individually, because although they have each distinguished themselves in their respective careers, it would be difficult to evaluate such distinction in terms of merit, and I would rather not run the risk of making comparisons that might offend. As I said before, we are delighted with their appointment to the Senate, but I must warn them we are also counting on them to contribute their talents to our work.

My dear colleagues, I welcome you to this chamber.

[*English*]

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, having witnessed this interesting and historic ceremony of taking the oath of allegiance, it is clear to us all that the long drought has been broken and that the Senate is now beginning to receive the reinforcements of quality and character we have long awaited. I wonder whether this particular event is the portent of other news to come from the other chamber about other people. However, that is something about which time alone will offer us the answer.

I do say that we know a good deal about our eight new colleagues. We know that they are all over 30 years of age, although in the case of Senator Cools I feel sure that she had to prove it. We all know that these senators have at least $4,000 worth of real property somewhere, which is a good thing. We also know from their public reputations that they have established a place for themselves in a wide variety of occupations in our country. Some of them I know quite well; the others I shall get to know quite well. I am happy to offer to all of them, on behalf of those of us who sit on this side of the house, our warm congratulations on their appointment to this house, and to inform them of our expectation that they will

fulfill their duties with credit to themselves as well as to the Senate.

If there is one observation I might be allowed to make, it is that it is somewhat disconcerting to those of us in opposition to find that our ranks have not been reinforced on this particular occasion. We look forward to the possibility that, before all of the vacancies are filled, some consideration will be given to our need for the same kind of help as that required by my honourable friend opposite. In fact, I am moved to suggest that perhaps I should explore the possibility of co-opting some of these eight distinguished people who have joined us today, because I am sure that we can offer them a good deal more to do on this side of the house than my honourable friend can offer on his side.

However, honourable senators, my congratulations to our new colleagues are sincere. I know that I carry with me the united voices of those of us who sit in oppostion in this house, and that I can say to our new colleagues that we look forward to a close association with them in the work we do in this chamber.

Hon. Senators: Hear, hear.

HON. H. A. OLSON, P.C.
HON. JACQUES FLYNN, P.C.

PROGRESS OF CONVALESCENCE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I should like to inform the Senate that Senator Olson was discharged from hospital on Saturday of last week. He is recovering so well that, if anything, he is ahead of the expected curve of recovery. He will be convalescing at home for approximately one month, after which he will return to the hospital for a check up; then, in all likelihood, he will return home for another month of convalescence. So, if things progress as predicted, Senator Olson will be back with us for the first sitting in March.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, we on this side are delighted to hear that Senator Olson is making good progress and we look forward to his return.

I should also like to say that Senator Flynn is making good progress and we expect him to be back with us sometime during the next month.

QUESTION PERIOD

[English]

HON. HAZEN ARGUE, P.C.

NOTICE OF IMPENDING ABSENCE FROM SITTING

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have received a note from Senator Argue's office—and perhaps Senator Argue will speak to this himself—explaining that he has to leave at 3 p.m. today in order to meet a representative of the Soviet government at Mirabel airport. I simply mention that in the event honourable senators have questions to put to him now. Otherwise, I will take such questions as notice as the acting leader, if that meets the convenience of honourable senators.

Hon. Duff Roblin (Acting Leader of the Opposition): I thank my honourable friend for the notice, but I can tell that the minister can go to Mirabel with our blessing but without our questions.

[Translation]

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Martial Asselin: Honourable senators, I would like to start Question Period by directing a question to the Acting Leader of the Government in the Senate.

This morning, it was announced that the Prime Minister had received an official invitation from the Soviet Union to pursue his peace mission in that country. Since the Prime Minister does not sit in this chamber and we therefore have no way of questioning him, could the Acting Leader of the Government let us know the Prime Minister's agenda for this peace mission and what he has done since we adjourned for the holidays?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have no details on the news mentioned by Senator Asselin. I did listen carefully to his question and I shall try to obtain further details.

[English]

CANADA DEVELOPMENT INVESTMENT CORPORATION

STATUS OF FUNDING

Hon. Guy Charbonneau: Honourable senators, I have a question for the Minister of State for Social Development. The CDIC has released a consolidated financial statement showing that the third-quarter losses for Canadair and de Havilland are $106 million.

Honourable senators will recall that the CDIC had $300 million in equity infused by Parliament in June; that was to see the two companies through the first quarter of 1984. Does the minister think that that sum will be adequate? If not, will the CDIC seek additional funding from Parliament?

Hon. Jack Austin (Minister of State for Social Development): I thank Senator Charbonneau for his question.

The estimate of funds to be required until the end of the first quarter of 1984 is approximately on target. I certainly do not expect any requests for additional funds for the period which ended December 31, 1983.

• (1420)

I shall be coming before Parliament and, in particular, before the Public Accounts Committee and the Finance Com-

mittee of the other place, to report on the analysis and assessment of the commercial and financial situation in Canadair and de Havilland. I expect to do that in the first quarter of this year, and I shall be asking Parliament to receive the report and to support my recommendation for the continuation of the aircraft production programs in those two companies.

I should like to make it clear that I shall continue to disclose on a quarterly basis the financial and commercial circumstances in the two companies. I think their prospects are now such that they are definable and understandable, and I am optimistic that the products of those two companies are saleable on reasonable commercial terms in the international and domestic aviation communities.

[*Translation*]

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Martial Asselin: The Acting Leader of the Government mentioned earlier that to answer my questions, he would make some inquiries. He should make more inquiries on this subject. The Prime Minister's peace mission is a matter of interest to all Canadians. However, there often seems to be a veil of secrecy over this undertaking. For instance, the Prime Minister met the Secretary General of the United Nations. At the subsequent press conference, we did not receive any indication of the proposals made to the United Nations and what the response had been of the Secretary General. Did the Secretary General of the United Nations accept the Prime Minister's proposal for a round-table discussion on disarmament by the nuclear powers? We have not been told anything about what was said at the United Nations, with the exception of a few brief news items from reporters.

At this stage of the peace mission, it is high time the Prime Minister showed Canadians his hand. He should let us know what objectives he is seeking, when this peace mission will end and what its future will be, based on the manner in which it has been developing since the beginning.

In this respect, I think it is high time a member of the Federal Cabinet made a ministerial statement. We also hope that notice will be given of such a statement so that we can reply. Is this too much to ask of the Acting Leader of the Government?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I agree with Senator Asselin that the Prime Minister's initiative on disarmament is of interest to all Canadians. In fact a recent poll showed that 80 per cent of the Canadian population supported this initiative. However, I do not agree with Senator Asselin when he says that the Prime Minister's peace initiative is under a veil of secrecy. This initiative is of interest to all Canadians and most people in this world, and that is why, if further information can be provided, in addition to the information we already have, and that is not under a veil of secrecy as far as I can see, even if Senator Asselin and myself do not agree on this point. If I can add to this a ministerial statement, I will look into that possibility, and if not, I will try and give you all the pertinent details I can.

[Senator Austin.]

Senator Asselin: It is difficult for my honourable colleague to give us a ministerial statement. As I already pointed out on a point of order, he is not a Cabinet member. He might ask one of his Cabinet colleagues to send us a ministerial statement so that he will be at one with the Cabinet.

Another aspect is also of interest to us. We would like to know when this peace mission will come to an end. Will it be after the Prime Minister's trip to Moscow? Will the peace mission continue in some other way? Should the Prime Minister decide not to pursue his peace mission, will the Canadian Government take up this peace mission for disarmament? In short, is it a temporary peace mission? Is it the foreign policy of Canada to champion this peace mission throughout the world? Will it be pursued or abandoned, even if the Prime Minister decides to go?

Senator Frith: With respect to ministerial statements, honourable senators, under normal circumstances, without special authorization, my Cabinet colleagues refrain from making ministerial statements on behalf of other ministers, including the Prime Minister. I undertake to seek that authorization for, Senator Austin, Senator Argue or myself. We shall see if that will do any good.

As to the Prime Minister's initiative, I think that the only criterion to keep in mind is that we must give him full support to ensure a successful mission. As I understand the nature of his initiative, it cannot be said that the problem can be solved quickly and easily. The quest for peace has been for a long, long time one of the major concerns of mankind. Still, if we can bring new ideas through a ministerial statement on the peace mission, we will do so, but without necessarily setting a specific date for the end of the mission. In short, our main objective is the successful completion of the peace mission, not the exact time frame required to end this initiative.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: My question is directed to the Acting Leader of the Government and has to do with the Garrison project in Manitoba. We know that an agreement was reached between the American and Canadian Governments about the end of November or early December. That agreement was to the effect that they were in favour of studying the possible dangers of the Garrison project in Manitoba.

[*English*]

In view of the concern of the people of Manitoba, senators and members of the House of Commons, I ask the acting leader to ascertain the outcome of the study that was to take place in December, or that is possibly under way at the present time, and to bring the Senate up to date regarding the results of the study. It would be most interesting if that announce-

ment were made in the Senate rather than our having to wait for the media to bring us up to date.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, in undertaking to respond to Senator Guay's question, on behalf of the government and on my own behalf I thank him and Senator Roblin for keeping this important matter before us. As he has underlined in his question today and in previous questions, the situation is constantly changing and we keep hearing different reports on the state of negotiations. Therefore, in thanking him for bringing this to our attention, I agree with him that it is time we had an update and I will try to obtain one as soon as possible.

• (1430)

THE SENATE

LEGISLATIVE PROGRAM

Hon. Peter Bosa: Honourable senators, I should like to direct a question to the Acting Leader of the Government. Could he inform the Senate of the business to be dealt with this week? In particular, I would like to know whether the Senate will sit on Wednesday, because previously we had reserved Wednesdays for committee meetings.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, the principal business before us is Bill C-2, which will be further debated today. We have set Wednesday of this week as an informal target date for completion of this bill—or, rather, that is our prediction; it is by no means an undertaking by me or Senator Roblin.

The Senate will probably not sit on Wednesday. Because our procedure of setting aside Wednesday afternoons for committee meetings seems to have worked rather well, we could continue to follow that procedure this week in order to allow those committees which have not yet been constituted this session to have meetings for that purpose.

Only one thing might alter that schedule. The government would like to have consideration of Bill C-2 completed this week. If third reading is given to Bill C-2 on Wednesday, the House of Commons will be placed in some difficulty with respect to Royal Assent because it has a division on the last day of debate on the Address in Reply to the Speech from the Throne. On the basis of the business I foresee in the near future, I would prefer that the Senate sit on Monday, Tuesday and Wednesday, at which time we would adjourn. We may have to persuade the members of the House of Commons to agree to Royal Assent at 5 p.m., rather than at 5.45 p.m., because of the division.

I mention these possibilities, honourable senators, by way of preamble to my recommendation that the Senate try to allow committees to meet on Wednesday afternoon. However, because of the uncertainty with respect to the granting of Royal Assent to Bill C-2, it may be that we will wish to sit on Thursday to have Question Period and Royal Assent. The Standing Senate Committee on Banking, Trade and Commerce has conducted a pre-study of the bill. In light of that fact, the bill may be returned to the Senate speedily and third reading given to it in time to allow for the constitution of committees.

Hon. John M. Godfrey: Honourable senators, in connection with the difficulties respecting Royal Assent, I point out that this subject was brought up during the last session. At that time there was a suggestion that we should have alternative procedures for Royal Assent similar to those used in Australia and the United Kingdom. What progress, if any, has been made to bring us into the eighties?

Senator Frith: I must point out, honourable senators, that asking that question of me would be like asking Noah if he had heard about the flood. As honourable senators know, I sponsored the particular inquiry suggesting an alternative procedure for Royal Assent. As to the progress that has been made, the matter is no longer on our order paper. It can be revived. I am trying to keep it alive, and this may be an occasion on which to raise it with the new Speaker of the other place. I thank Senator Godfrey for raising the matter, but I am sure he does not expect it to be of any help to us this week.

Senator Godfrey: I am aware of that, but I do not know why we cannot deal with it expeditiously. The matter was dealt with in Australia 70 or 80 years ago, and in England 20 years ago. Can we not deal with it right away?

[*Translation*]

EDUCATION

POST-SECONDARY—STATUS OF FUNDING

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Tremblay on December 19, 1983, which concerned the federal-provincial financing of post-secondary education.

Last Spring, the Minister of Finance announced his intention to amend the provisions of the Act governing established program financing so that the 6-and-5 indexing formula could be applied to 1983-84 and 1984-85.

The Government plans on introducing legislation for this purpose during this session.

Negotiations with the provinces about the accountability provisions and the arrangements for post-secondary education after 1984-85 will be undertaken after the 6-and-5 indexing bill is passed.

[*Later*]

Hon. Arthur Tremblay: Honourable senators, if I may be allowed, I listened closely to the reply Senator Frith gave to my question of December 19. I should note in passing that the answer was given promptly, for which I would like to thank him.

It seemed to me that there were rather considerable implications in this answer, especially with regard to the fact that negotiations with the provinces about the important conditions of these arrangements would be undertaken only after passage of a piece of legislation at the federal level.

Therefore, I would like first to read his answer, and if the honourable senator agrees, I might ask him a few other questions at another sitting but only after close consideration of the answer he has just given me and for which I thank him.

Senator Frith: The reply I have just given is threefold. During the negotiations which have already taken place, it was agreed that legislation will be passed and that further negotiations will follow.

[*English*]

THE CABINET

STATEMENTS BY MINISTERS BEFORE ROYAL COMMISSION

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to part of a question asked by Senator Murray on December 20, 1983 concerning a statement made by the Minister of Transport before the Macdonald royal commission.

The Minister of Transport informs me that he was speaking on his own behalf when he appeared before the Macdonald royal commission, and not on behalf of the government.

With regard to the second part of the honourable senator's question, which I believe dealt with the general principle of government responsibility and whether some principle had been suspended for the purposes of the Royal Commission on Economic Prospects or for any other purpose, I have not yet received an answer, but I am pursuing the matter diligently.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES

Hon. Robert Muir: Honourable senators, in connection with delayed answers to questions, since the government has now got around to appointing some new members to the Senate, may I ask whether it has finally decided to appoint some new members to the board of directors of the Cape Breton Development Corporation? Of the six board members, only one is left besides the president. The minister in charge, the Honourable Ed Lumley, has expressed strong views about the losses sustained, and I am sure he is concerned about the reduced membership of the board. I would like to know who is running the corporation. Will the Acting Leader of the Government make a further attempt to find out whether and when appointments are likely to be made to the board, or whether the operation of the corporation will be left to management?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I am sorry I do not have the answer to that question. I appreciate that Senator Muir has been asking questions on this matter over a long period. I shall renew my inquiries and shall commence my memorandum by saying, "Guess what Senator Muir asked me about in the Senate yesterday?"

[Senator Tremblay.]

INCOME TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, December 21, 1983, the debate on the motion of Senator Buckwold for the second reading of Bill C-2, to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, Bill C-2 comprises 210 pages, but I doubt whether its literary qualities will ever enable it to hit the best-seller list.

• (1440)

Hon. Royce Frith (Acting Leader of the Government): The book of the month.

Senator Roblin: In fact, it is a very hard bill to read at all, let alone a best seller. On December 21 the chairman of the Standing Senate Committee on Banking, Trade and Commerce gave an oral report to this chamber on the contents of the bill, and on the same day Senator Buckwold moved second reading of the bill, at which time he gave his interpretation of its contents. It was apparent then, and it is doubly apparent to me now, after listening to the speeches and having examined the bill, that it requires more consideration than was recommended to us in the latter part of the month of December. It is a good thing that there has been time for honourable senators to read and digest the meaning of this bill, to draw what conclusions they can from it and to offer such judgments as may seem appropriate on what is an important tax statute.

Tax bills do not simply raise or lower taxes. There are other targets as well. On occasion they profoundly affect the social arrangement and economic activity of our country. Very often—and this is quite true of recent bills—tax bills have had unintended consequences as to their application on the economy of the nation. Therefore, there is a responsibility, particularly on the members of this chamber, to give sober consideration to bills of this kind.

I think that Senator Buckwold's brief required him to emphasize the good things in this bill. He did so, and on the occasion of this first meeting of the new year I intend to follow that good example and also point out that there are substantial matters in this bill of which we approve. Considerable effort has, for example, been given to fine tuning the investment tax incentives of various kinds throughout the tax structure and to improving the treatment of farm losses and business losses. There are new tax credits that should encourage investment, and provisions to make share purchases more attractive. This bill blesses some new kinds of risk investments and reforms the overseas employment income tax situation. It includes new research and development credit incentives; a new initiative for the index security investment plan, which is intended to reduce the taxation of inflation elements in stock profits; and helpful changes to the taxation of personal income. So, viewed in a superficial fashion, these points can be commended, but at the same time they call for deeper examination.

These elements should be examined in a special context, because Bill C-2 does not stand by itself. That point was made by the Acting Leader of the Government on December 21, when we discussed the principles of the bill. He told me that the budget was the principle of the bill. The more I think of that remark, the more applicable I think it is, because Bill C-2 is part of the general posture of the government as it exerts its general demand for money on the incomes of Canadians. This bill is involved with the budget and the fiscal record of the government.

The tax changes in Bill C-2 are only part of that package; the full picture would include a consideration of other tax changes included in that same budget. One of the changes I was looking into is the increase in the federal sales tax. Although it is not included in this bill it is part of the general financial considerations, and it is a fact that the increase in the federal sales tax will raise $805 million more in 1984 than the present tax structure, and that in 1986 it will raise $3 billion more. The tax changes in this bill have some relationship to that tax increase. Although the sales tax increases are not part of Bill C-2, there are other substantial tax increases that are part of it.

I do not recall Senator Buckwold's mentioning the one I am about to raise, but he can correct me if I do not do him credit in this respect. It seems to me that no mention has been made of the reduction in the federal tax credit, one of the provisions included in the bill. The federal tax credit is a sum of $200 which taxpayers are entitled to deduct from their taxes. It is quite an interesting advantage to a taxpayer. This credit is to be reduced to $50 by 1986. In addition to that, commencing in 1984 the $200 reduction will be further reduced by 10 per cent of the amount that the taxpayer pays over $6,000. I do not know why that little hooker was rung in there. This is a common feature of modern tax bills—make matters as complicated as you can while you are at it.

This tax credit will be reduced from $200 over the course of a few years. However, that is not enough. A factor of 8 per cent will also have to be applied. Ten per cent of the amount of tax paid over $6,000 is also to be deducted. What on earth is that? Why does this measure commend itself to the people who write the tax bills of this country? It is a complication which surely ought to be dealt with in a straightforward way. That is very bad business indeed.

Another significant item—which I call an off-budget item, which is not included in the budget, let alone in this bill, but which has a great deal to do with the taxes paid by the people who are covered in this bill—is the unemployment insurance rates. In effect, unemployment insurance rates are a wage tax. I have made this point several times in this house and I expect to do so a good many more times before I am through. It is a wage tax on workers; it is a tax on employers; it is a tax on jobs. In the last 12 months the unemployment insurance rate has gone up 39 ⅓ per cent, with an inflation escalation factor which has increased it by another 10 per cent. This has resulted in an increase of close to 50 per cent over the last 12 months. It is a direct tax on production. In many cases it is an escalating tax on production since, while it is paid by the manufacturer, it is most often included as an item in the percentage mark-up which wholesalers and retailers apply to prices in order to receive the selling price from the consumer. It is a tax on jobs and it is an escalating one.

The wage ceiling at which unemployment insurance is payable these days is $385 per week. This means that a worker at that level, which is not terribly high, will pay an extra $159.64 per year in taxes. Every worker in the country on unemployment insurance, if he is receiving the maximum rate—and not all are—will have to pay this extra tax. On the same basis, the employer will pay $226.72. For the year 1983 it is estimated that this increase alone in unemployment insurance rates will bring in some $2 billion.

I support unemployment insurance; it is a very good thing; I believe we must have it. However, my point is that the costs cannot be ignored. The incidence of these costs on lower paid workers and on the economy as a whole is significant. Yet this item does not even appear in the budget; it does not even appear in this bill. If tax items could ever be identified, this is surely one of them. However, it is conveniently forgotten about—sloughed off—when we talk about the impact of taxes in this country.

The unemployment insurance tax increase, plus the sales tax increase I mentioned previously, together with the federal tax credit changes, show how relatively small—indeed, insignificant—the tax decreases contained in Bill C-2 are. Any examination of the impact of Bill C-2 on the economy of the country or on the economy of persons is incomplete without some examination of the total picture, of which these facts are certainly a part.

Having established a general background against which I think Bill C-2 should be debated, I then ask myself the critical question. For example, with respect to the tax changes we see in Bill C-2, I ask myself what they really mean. More basically, I ask what good they will do. I believe that is a question which is not asked often enough with respect to tax changes, particularly when we are speaking of those changes which affect business and the economy. We must ask what good these changes will do.

I would like to illustrate the point I am trying to make by referring to another tax change made approximately two years ago with respect to capital cost allowances. Most people call this allowance "depreciation." Capital cost allowances were changed two years ago because, as they stood then, according to the Minister of Finance, and I quote his words, they were "clearly an anomaly." If there is one thing which ministers of finance do not like it is an anomaly. This particular one was a high target for elimination and—by George!—it was eliminated. Some two years ago this anomaly, which had to do with the depreciation one can charge in any one year, was eliminated. The Minister of Finance brought in what he himself called the "so-called two-year tax rule." I will not go into the details, but the effect of the rule was to cut down tax deductions which could be applied to certain kinds of capital investment. The tax

deduction was reduced, which in turn raised a great deal of money.

The Minister of Finance said that that measure would not hurt. Two years later we can see just how badly it hurt. The Canadian Manufacturers' Association conducted a survey of its members; two-thirds of the membership reported that the reduced capital cost allowance had adversely affected capital investment spending. In 1981 $13.9 billion was spent by Canadian manufacturers on capital investment. In 1983 the figure was reduced to $8.7 billion. After making a reasonable and generous allowance for the effect of the recession which we have been in, it is still quite clear that the result of this tax change was not helpful. In fact, 36 per cent of those who responded to the Manufacturers' Association's query pointed to the changes in the capital cost allowance as a direct link to the forgone investment they could record in their own firms. There is no question that this change, which was thought to be harmless two years ago, turned out to be anything but.

I believe that illustration points out how our tax manipulations sometimes misfire. Members of the Senate are not ignorant of this fact. How many times in banking committee meetings and finance committee meetings have senators asked the Minister of Finance and his officials what they think will be achieved by the tax fine-tuning which they present to us? We ask them what their expectations are. We ask what the targets are and what the cost calculations will be. We sometimes receive a kind of explanation on these points. Then, later, as often happens, we ask what happened, what good the measures were; we ask the Minister of Finance and his officials whether the changes effected had the expected results. We ask whether or not the results have been audited and if they are worthwhile. Honourable senators, how many times have we received satisfying answers to those inquiries? I cannot remember any. This illustrates what seems to be a fixed habit of mind—the people who write the tax laws of this country make changes which they think will do good things, but they seldom follow through with an audit as to whether or not the changes have worked. In many cases we have ample evidence that the changes have done anything but worked in a satisfactory way for the economy of the country.

This approach to government fine-tuning and tax tinkering brings me to make some comment with respect to the research and development tax incentives encompassed in the bill before us. There are several of them and I think they are imaginative. I hope they will do some good. I think the government is right to worry about research and development expenditures in Canada, because our record with respect to this area is not good. Our record with respect to productivity is not good, as compared to that of our neighbours in the world with whom we must compete. The economic posture of the Canadian manufacturing industry, compared to other nations, is not good. One of the things we need to do is improve research and development in our own country; yet there is probably no other area of tax incentive, at least in the last 10 years, which has received more attention than research and development. Every budget which comes down brings in more changes and more amendments with respect to research and development. There is hardly a tax bill we have received in recent years that has not had something in it to motivate the research and development people in this country. The fact that, every year, there is a need for new measures and new suggestions is, I think, a confession of failure that nobody need dispute; a confession of failure that these measures do not achieve the results that we hope for them. I want to be satisfied that these new proposals will be different. I know that in this case there has been extensive consultation with industry in the country on how to establish a good research and development program. This is a very good thing and I certainly hope that it helps.

[Senator Roblin.]

● (1450)

I make note of the fact that some of the research and development people have asked to be left alone, indicating that they would as soon work under the old scheme as under the new, or at least they would like to be given the option. I do not think that that has been considered. However, we must be persuaded that these new measures will actually do what none of the previous measures has been able to do, and that is to establish a proper research and development activity in this country. I believe that in this respect the government has a serious blind spot with regard to research and development, because they never seem to include in their thinking on this subject the question of market research. This matter has been discussed in the committees of the Senate, and they have been asked why they do not include market research as one of the items of research which should interest the government. These questions have had no effect, and yet everyone here knows that nothing happens unless you make a sale; that research and development that does not lead to a market situation is not much good; that no matter what you develop, if you cannot sell it you are going nowhere.

A classic example of the kind of situation we get into, because we do not regard market research as being sufficiently important to give it the attention it deserves, is to be found in *The Globe and Mail* of January 13, 1984. I shall read a couple of passages to indicate the point I am making.

> The federal Government yesterday injected another $4.9 million into Telidon, acknowledging the need to apply videotex technology to concrete business applications . . .
>
> Like a ship without an anchor, Telidon is adrift in the absence of content geared to the specific needs of users. A constant criticism of the medium is that it is a technology in search of a job.

I think that says it much better than I would be able to. However, the point that has to be considered is why market research gets the cold shoulder from the government when it comes to devising the rules under which these incentives apply. I would like to see the rules expanded so that we test the market as well as the product, because it is obvious to anyone with any experience of these things that the two go hand in hand. It is, however, something we have so far failed to recognize in our governmental policy.

Leaving that aside for the moment, the question is: Will Bill C-2 do what is wanted in respect of research and development? The official estimate that I have seen is that the bill will generate another $100 million worth of research and development effort in the country, and that is not an insubstantial amount. To put it into perspective, it is approximately one-tenth of the research expenditures of the government itself in Canada today and it is approximately one-fiftieth of the total amount of research and development in Canada today. If my figures are correct, I think it perfectly safe to predict that in 1984 the government will be back again with another proposal for research and development. If this is the magnitude of the effort that this bill will encourage, then it seems to me that it is questionable whether it will do the job. I think, therefore, that we may expect to see further fine tuning and further tinkering with research and development policy since, to date, we certainly do not have a policy that will do the trick.

There are some other aspects of this bill that I find confusing. What is the inflation index policy of the government? What do they think about indexing? In this bill they have three different kinds of indexing, and I would like to ask which they consider the right one.

I would like to zero in on a very narrow area of tax policy—that having to do with child welfare—and record with the house the policies that are apparently enshrined in this bill. The child care expense has been arbitrarily doubled. There is no indexing there; it has simply been doubled. No rationale has been offered as to why this has happened. It is probably a good thing, but it seems to me that it is an arbitrary, ad hoc policy which does not fit in with any idea of indexing. On the other hand, the child tax credit amounts to $343 per annum, and that is fully indexed. When we come to family income, that has a threshold of $26,300. In that case, there is no indexing at all, but it covers the same item, welfare of children. The fourth item, the child tax exemption, is $710, with no indexing.

Therefore, when the focus is narrowed down to the tax provisions with respect to child care, you have four different items of tax policy, with three different approaches to the question of indexing. Perhaps this does not seem to be a terribly important matter, but it certainly is important to the people who are concerned, and I would like to know what the policy of the government is in this respect. Do they index or not? Why do they leave some items in and others out, and why are they completely arbitrary in other circumstances? Is there a national policy on indexing, or is it completely ad hoc? An explanation would certainly help.

However, there is plenty of indexing in another aspect of this bill, namely the indexed security investment plan. This is something brand new, and the purpose of this indexed security investment plan is to increase incentives to channel the savings of Canadians into the common stocks of Canadian enterprise by reducing the tax effect of inflation gains on such investments. That is indeed a worthy goal. I know that this scheme has been extensively canvassed with the investment community and this proposal meets their expectations. I hope it works. However, when you examine how it works, it also seems quite clear that some investors will get more out of it than others. I think it is clear that those who are traders, those who are in and out and those who are "speculators" will get more out of this plan than will the investors who are in for the longer term. I pass no judgment on whether that is a good or bad effect; I merely say that this appears to be the effect of this particular policy and the manner in which it has been set up. I would like to know the government's views on this aspect. Are they content that one particular kind of investor, namely traders, will be more advantaged by this bill than will those who are longer term investors?

It is also clear that this policy will not work without a substantial cost of administration. The bill provides that the tax calculations, which must be done by experts, will be a part of the structure of this new plan. One of the commentators who examined the cost of operating the system has made an estimate that probably the yield from the first $5,000 or $10,000 invested will be absorbed by the costs of tax administration. In other words, the first $5,000 to $10,000 of tax savings may very well be absorbed by the cost of making out the tax bill. Thus, the small investor is not likely to find as much advantage in this policy as the larger investor.

While I do not think it necessary for me to pass any judgment on the apparent situation at the present time, I would like to know what the government thinks about it. It is their policy, and I would like to know whether my analysis of it is correct and, if it is, whether they feel that that is the best they can do. However, I hope at least that we shall conduct a close audit of this new wrinkle to see whether the actual results justify the advertising. Will new capital be made available for Canadian business as a result of this policy? That is the aim of the government, but the outcome of this policy is certainly a matter of speculation at the moment. I would urge the government to conduct a close audit of this new policy to make sure that it is beneficial, because, unless there are positive and substantial results, the ISIP will join other failed incentive plans. I hope that it does work well. However, I want to find out.

Another innovation that has questionable social implications is the decision to abolish the automatic $100 deduction for charitable donations without a constructive replacement. What will that mean to the charitable institutions of the country? Perhaps nobody knows; but every time we make tax changes we expose ourselves to unanticipated fallout, and the charitable organizations of Canada are concerned that they will become the victims of unanticipated fallout because of this measure to eliminate that $100 deduction. The Association of Charities fears that that will be the result, when the $100 automatic deduction goes, but they have made a constructive suggestion as to what to do about that because they recognize that there are aspects of this that are not entirely desirable. They suggest that the principle of a tax credit for political contributions, which we now know all about, be substituted so that there would be a tax credit for charitable donations in the same way as there is for political contributions, with a credit of

50 per cent of the donation. Politicians have told me that this works well, so I think that it might be suitable for charitable organizations. I think that is something that could well be considered.

● (1500)

Honourable senators, there is one respect in which Bill C-2 qualifies—and, if I may quote a phrase I learned from the lips of Senator Sinclair, it qualifies in spades. It is fully up to the standard that we are now able to expect in taxing statutes; it is fully up to standard in what I call the incomprehensibility factor. In fact, the incomprehensibility factor of this bill could hardly be higher. Those who examine the 210 pages of this bill will find a web of clauses, subclauses and sub-subclauses to the third and fourth degrees; they are linked by cross references, exceptions, reservations; they are moderated by parentheses, brackets and taxation years; the verbiage is dense, tangled and convoluted; there is a thicket of complication and complexity. The average taxpayer is clearly warned off, and only lawyers, accountants and those who are certified specialists can be trusted to make out what is meant by this bill.

Of course, the whole of this trend in tax legislation makes a joke of what we used to call the self-assessing tax system, a system under which taxpayers were actually expected to report the taxes that were due because they understood how the taxes were calculated, and what they owed to the benevolent government was established without the help of outsiders.

To add insult to injury, the other day a report was issued about Revenue Canada setting out the department's policy of "dressing". I have never heard that expression used in connection with taxes before, but I have heard it now. It is called "dressing the taxpayer's return." When a computer says that a taxpayer should have claimed a deduction but did not, the "dressing" consists of putting in a $1 item as the deduction. The computer accepts that, but the taxpayer is left in the dark as to the fact that he could have made a further deduction.

This is an allegation which, I think on the face of it, is well supported, but it is certainly one which requires further investigation. If it is true, it compares in a very invidious way with what the tax collector does when he thinks the taxpayer owes money to the government. He does not put in a $1 item then; he rushes out with his tax collector's hat on and gets the money from the taxpayer one way or another. If this "dressing" policy is a widespread activity of the Department of National Revenue, it ought to stop. When a taxpayer is entitled to a deduction, the tax department ought to let that taxpayer know and should ensure that the taxpayer receives elementary justice, because we know that, if a taxpayer owes the department money, the tax collector is not going to be backward in telling the taxpayer about that. The taxpayer concerned in that situation is usually one who works without the benefit of a lawyer or an accountant, and is usually what is commonly referred to as the "little man," because those of us who hire tax experts do not find that type of error cropping up very often.

It seems to me that we will undermine the whole basis of the self-assessing tax system and will not be able to rely on a taxpayer to make out his tax return properly, if we make it so complicated that he cannot understand it, and if when he fails to do it properly, instead of giving him credit for any errors he might have made, we refuse to do so, while, at the same time, certainly making sure he pays up any moneys owing to the government.

I should like to challenge any honourable senator to read pages 54 to 70 of this bill. That section consists of 26 pages and deals with one thing: adding another layer of the tax rules to the oil and gas industry—another layer to the horrendous bulk of tax law already developed by the national energy policy with respect to that industry. If any honourable senator is inclined to read those pages, I defy him to tell me that he understands them. The burden they impose upon the industry is monstrous and gets bigger all the time. That indicates the kind of complexity we are introducing into our tax law.

In the bill itself the government recognizes that the ordinary person cannot handle that complexity. When it comes to the indexed security investment plan, the bill itself provides that the taxpayer not make out his tax return in that connection but that an administrator make it out, and he must be paid for what he does. The bill recognizes that the ordinary taxpayer cannot keep track of the gains and losses under that plan, and the government clearly does not expect him to do so. It actually legislates in this bill that the taxpayer must leave the calculations to tax administrators and must pay for their services, and I have already mentioned what the cost of those services is likely to be.

It is common knowledge that tax planning caused by bills such as this is a major industry that occupies some of the best legal, accounting and business brains in the country without adding anything to the economy, while taking a great deal away from efficiency and growth.

There is nothing new in that statement, because some ten years ago a private citizen by the name of Donald Johnston wrote a book on the subject of cost effective tax laws and proved his case to the hilt. I think he is proud of that book and has every right to be. However, since he wrote that book, the tax jungle has grown and spread, and now this same Donald Johnston is translated; he is the Honourable Donald Johnston, Member of Parliament and a senior minister in this administration. Believe it or not, he still has the same old complaint he made ten years ago; but, instead of writing a new book, the Honourable Donald Johnston chose to appear before the Macdonald royal commission, and chose to do so in St. John's, Newfoundland. I don't know whether he thought that we would not hear what went on out there, but we have. He made an eloquent statement. What I shall now read comes from page 6 of his presentation to that commission. It states:

> The government can encourage this trend by simplication and integration of taxes and its financial dealings with businesses, in such a way that businesses know where they stand and that the reward for "creative" tax and financing arrangements is reduced. Seen in this context, simplification of taxation and incentive programs is not merely a matter of housekeeping, but a fundamental

reorientation towards productivity. I strongly feel that this is a direction we should take.

Well, he will not get any argument from me about that statement, but it is curious that a policy maker—a man sitting at the very top of the policy tree—appeared before a royal commission to advise that commission to advise the policy maker what he, the policy maker, should do, when the policy maker could do it without any intervention of a royal commission at all. What kind of curious situation is that? I think a fair way of characterizing that performance is to call it an "Alice in Wonderland" performance. It is curious that a minister of the Crown should appear before a royal commission to tell the royal commission what it should tell the ministers of the Crown to do when the ministers of the Crown themselves know what to do without having to talk to the commission at all. Lewis Carroll would have understood this very well.

The Canadian tax system generates unwarranted and unaccounted costs. It is a burden on productivity; it is a burden on workers; it is a burden on enterprise. It is too complicated, and getting more complicated, and these complications ought to be reduced. Taxes, as levied in Canada, are a major obstacle to a better functioning economy.

Whatever good it does, Bill C-2 does not cut down on the tax jungle; it increases it; it does not decrease taxes, because there are more taxes involved on the increase side than on the decrease side; it does precious little for society or the economy; and it is the latest instalment of a 15-year record of poor fiscal policy.

Bill C-2 will be passed by the Senate; the government majority will see to that; but I intend to protest it. I intend to protest not just Bill C-2, but the whole fiscal policy of which it is a part, and I will protest it in the only way I can in this chamber, by voting against it when it is presented for the count.

• (1510)

Hon. Sidney L. Buckwold: Honourable senators—

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

Senator Buckwold: Honourable senators, in standing to continue the debate on Bill C-2 and, in this case, to conclude the argument on second reading, the first thing I should like to say is that I agree with a great deal of what the Deputy Leader of the Opposition has so ably presented to the Senate today. I do not think that there is any doubt in the minds of honourable senators on the government side or the other side, or of Canadians generally, that we do have a tax jungle, and it is a very good thing that the Deputy Leader of the Opposition has, once again, so ably drawn to the attention of the Senate—just as members of this side have done on many occasions—the complexities, the difficulties, the entanglements and the problems of a tax system that cries out for tax reform.

The welcoming of new senators today reminded me of the first task we had to perform in this house after I was appointed in November 1971. The item for consideration was tax reform. As you may recall, there was to be an omnibus bill that would wipe out all complications. We worked continuously on that legislation, even sitting on a Saturday, and we would have had a sitting on Sunday if necessary to complete the debate. I recall being impressed with how hard the Senate worked at that time because we really took the matter very seriously.

Hon. Martial Asselin: Don't we work hard any longer?

Senator Buckwold: On this side we work, but, of course, you fellows might have a different opinion. What I am really trying to say is that we agree—at least I agree, I cannot speak for everyone—that the important and trenchant points made by the Deputy Leader of the Opposition are fully in accord with the feelings of most of us. Nevertheless, Bill C-2, as the Deputy Leader of the Government has indicated, really puts into legislative form the budget brought down last April. As such it is an attempt to improve the economy of the country—an economy that needs to follow the direction indicated by this bill. It is a bill to increase the raising of much needed capital; it is a bill to assist lower income individuals—and I am sure that the committee will look at the impact on those taxpayers; it is a bill to improve R&D; it is a bill to get Canadians back to work; it is a bill to restore general confidence in the business and labour communities. Whether or not the bill succeeds, I believe that all honourable senators will agree that it is a serious attempt to meet head on some of the problems we have faced over the past several, and very difficult, years—problems that required the kind of action taken in this bill. I would be the first to admit that some of those problems that required the kind of action taken in this bill. I would be the first to admit that some of those problems have been caused by the government itself; but I do give credit to the government in respect of this budget for at least addressing the problems and trying to do something about them.

When we take into consideration the 4 million taxpayers in 1983 who will have some refunds as a result of this budget, I think that does have an impact on the average taxpayer. When we see the rush of interest in R&D, I believe that could have very positive results for the economy of this country. When we look at the implications of many of the very complicated and sophisticated approaches in trying to meet the objectives of the bill, I think Canadians generally will be satisfied. Again, I am not minimizing in any way the complexities that have been pointed out or the impossibility of the average taxpayer's being able to comprehend what is going on. I agree that the tax laws have reached the point where you need a specialist, and not just a chartered accountant, to interpret them. That applies to this bill.

I believe that Canadians generally are sincere and honest taxpayers, despite anything we might hear to the contrary. I heard this story about a taxpayer who wrote to the department to say that he had not paid enough money and that his conscience was bothering him so much that he could not sleep at night. He said: "Enclosed, please find $100. P.S. If I still

can't sleep, I'll send you the balance." I do not think that is typical of the average taxpayer. I think the government recognizes that it will have to do something about the very issues that have been so ably raised by Senator Roblin.

At this stage I do not want to go through the individual points made by Senator Roblin, although all of them are worthy of discussion. In committee we had a general overview from our own advisers, and officials from the department guided us through this complex bill. Undoubtedly, the committee will continue to study it, and Senator Roblin and his colleagues, as well as honourable senators on this side, will ask many questions to try to clarify the implications of this bill. In general, I feel that this bill is heading in the right direction. It certainly is moving Canada in the direction we would like to see it go. Despite the problems we face, it should be able to achieve its objective of putting Canadians back to work as well as a budget can, to achieve its objective of increasing the productivity of our nation and of improving our trade balances in order to get Canada back on the road to recovery. But if it does even some of that, then I say this house should support it. I ask your support for Bill C-2 as it is being put to you now for second reading.

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

Senator Roblin: On division.

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?

Hon. Sidney L. Buckwold: I move that the bill be referred to the Standing Committee on Banking, Trade and Commerce.

Hon. Martial Asselin: When will this committee be meeting?

Hon. Royce Frith (Acting Leader of the Government): I was told on the weekend that the committee plans to meet tomorrow morning at 9 o'clock, before the joint sitting of the Senate and the House of Commons to hear the Premier of China. You might check the time with the committee clerk.

● (1520)

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I think this matter should be clarified because we cannot have committees meeting at the drop of a hat; we have to have some notice. I think we should be told right now when this committee will meet because, if it is the intention to meet at about the time of the speech to Parliament by our Chinese visitor, we may have to make alternative plans. I would urge my honourable friend to tell us exactly when the committee intends to meet.

Senator Frith: Honourable senators, if I knew that, of course I would tell my honourable friend. The committee chairman is not in the chamber at the moment. Perhaps, when honourable senators return to their offices this afternoon, a notice will be on their desks indicating when the meeting will be tomorrow morning. I agree with Senator Roblin that we should have sufficient notice. As honourable senators know, the decision as to when the committee will meet is up to the committee chairman. I understood that he planned to hold a meeting tomorrow morning.

Senator Roblin: Honourable senators, I do not wish to be unduly combative, particularly on our first sitting day this year, but I remember how urgent the plea was on December 21 last that we should deal with this bill expeditiously when we returned, and I agree with that. I believe, therefore, that we are entitled to have a little more accurate plan as to how we intend to proceed in order to pass it by the end of this week, as my honourable friend indicates would be desirable. I am willing to co-operate, but I think we should know what we are expected to do.

Senator Frith: Honourable senators, the urgency still exists, and that is why Senator Barrow wishes the committee to meet tomorrow morning. When I left my office to enter the chamber, I did not have a notice of the committee meeting. It may well be there when I get back. As of last night, the intention was to meet tomorrow morning.

Senator Roblin: When?

Senator Frith: I have just received some news hot off the press.

Senator Roblin: Good.

Senator Frith: Honourable senators, the Standing Senate Committee on Banking, Trade and Commerce will meet tomorrow at 9 a.m.

Senator Roblin: I thank my honourable friend; that is service with a smile.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, January 17, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore,* in the Chair.

Prayers.

[*Translation*]

HIS EXCELLENCY ZHAO ZIYANG PREMIER OF THE STATE COUNCIL OF THE PEOPLE'S REPUBLIC OF CHINA

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Petten, that the address of the Premier of the State Council of the People's Republic of China, His Excellency Mr. Zhao Ziyang, to members of both Houses of Parliament, delivered today, together with the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches delivered by the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

Motion agreed to.

(*For text of address and introductory speeches see appendix, p. 101.*)

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, January 19, 1984, at 11 o'clock in the forenoon.

Honourable senators, if leave is granted, I shall give an explanation.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, as I mentioned yesterday, the program for this week is principally to continue the debate on Bill C-2. The government hopes that the bill will receive Royal Assent this week.

The committee to which the bill was referred following second reading—namely, the Standing Senate Committee on Banking, Trade and Commerce—considered the bill this morning and will continue its deliberations when the Senate rises this afternoon. If the committee completes its deliberations on that basis, it will be in a position to report tomorrow or Thursday. Yesterday I sensed support for the idea of continuing to sit on Tuesdays and Thursdays at 2 p.m., leaving Wednesday afternoons free for committee meetings. My proposal is that we not sit tomorrow but adjourn until Thursday at 11 a.m., because if the bill is reported on Thursday and third reading debate is completed on Thursday morning we could have Royal Assent at 12.45 p.m., just before the other place adjourns for lunch, rather than wait until it adjourns at 5.45 p.m.

On inquiring about the prospects for receiving legislation from the other place, I was told that we cannot expect any next week. Therefore, I propose that we not sit next week but that we sit on Tuesday of the following week at 2 p.m., pursuant to the same program. My concern is that when I propose that we not sit a certain week I often receive complaints from committee chairmen that they have meetings planned and have arranged for the attendance of witnesses. I am not aware of any committee meetings having been arranged for next week, apart from meetings of joint committees. I see that Senator Godfrey, perhaps the soon-to-be-elected joint chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, and Senator Murray, who is a member of the Special Joint Committee on Official Languages, are shaking their heads. That being the case, the only meeting I am aware of is the annual meeting and dinner of the Canada-United States Inter-Parliamentary Group next Tuesday.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I see nothing in the proposed program that need cause us any difficulty. I recall that on December 21 last we on this side undertook to advance Bill C-2 with all convenient speed, and it seems to me that with the time left for the committee we should dispose of it easily—perhaps not this afternoon but certainly by Thursday. While an hour and a half between the sitting of the Senate on Thursday at 11 a.m. and Royal Assent at 12.45 p.m. may put a crimp in Question Period or curtail some of the speeches we might make on third reading of Bill C-2, we on this side will try our best to accommodate our honourable friend.

I do not think there is a problem in the world about next week. No committees, apart from the ones the deputy leader has mentioned, have any business before them, so they will not meet. I have a strong suspicion that the other two committees may find it possible to avoid meeting next week. So, on that basis, having given leave for the presentation of this motion, we shall support it.

Hon. John M. Godfrey: I might say that the policy of the Regulations and other Statutory Instruments Committee is to meet whether or not the Senate is sitting.

Motion agreed to.

• (1410)

QUESTION PERIOD

[*English*]

NATIONAL DEFENCE

MARITIME COMMAND—SERVICEABILITY OF SHIPS

Hon. Orville H. Phillips: Honourable senators, my question is for the Acting Leader of the Government in the Senate. Yesterday the Minister of National Defence attempted to review the fleet off Halifax. Six ships were supposed to participate in the exercise. One ship was like the Prime Minister—unwilling to leave dock; two others were like the Minister of Finance and the Minister of Employment and Immigration—unable to leave the harbour; the remaining three ships carried out a limited exercise. In spite of this performance, the Minister of National Defence announced that the navy was in top shape and in a state of high performance. I should like to know what standard he used in coming to that conclusion. Did he use the federal cabinet as a standard, since that body operates at considerably less than 50 per cent of its capacity?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I am not sure what standard the minister used. I suppose there were many standards available to him, including the one referred to as a matter of opinion by Senator Phillips. He might have been able to use the Conservative Party as a standard, for example, where things do not always work perfectly—just as they do not in any other human organization.

I heard the minister's explanation and I cannot add much to what he said. However, for those who did not hear it, the naval authorities and the minister pointed out that it is doubtful that there is any human organization—indeed, any navy anywhere in the world—where everything goes right all the time. Yesterday was a day when things went wrong on a particularly unfortunate occasion.

An Hon. Senator: And how!

Senator Phillips: Honourable senators, I have a supplementary question for the Acting Leader of the Government. During the discussions that took place this morning between the Prime Minister and the Premier of China did the Prime Minister either request the loan or suggest the purchase of ships from the Chinese navy?

Senator Frith: Honourable senators, I believe I can safely say no. However, if I am corrected, I will then make a supplementary explanation at the time of delayed answers.

[*Translation*]

DISARMAMENT

PRIME MINISTER'S INITIATIVE

Hon. Martial Asselin: Honourable senators, in his address to the other place this morning, the Premier of the People's Republic of China indicated that his government was fully behind our Prime Minister's peace initiatives, but he was rather vague as to the willingness of the Chinese government to accept one of the first objectives advocated by the Prime Minister, namely, to set up a round table of all the nuclear powers to address the issue of disarmament.

At noon today, I heard on the radio some announcers who suggested that the Prime Minister had not received from the Chinese Premier the complete assurance that China would accept to participate in such discussions.

Is it true that China is unwilling to accept this essential and vital objective advocated by the Prime Minister, namely, the setting up of a round table of all the nuclear powers to address the issue of disarmament?

Hon. Royce Frith (Acting Leader of the Government): On the basis of information now available, honourable senators, I can say that China has neither accepted nor refused to participate, but that it has simply indicated today its support for the Prime Minister's initiatives.

I suggest that it was implied in the Premier's support for these initiatives that China would participate in round table talks such as that advocated by the Prime Minister, if and when they are held.

I have not heard the radio broadcast, but it is clear that the Chinese Premier has neither accepted nor refused to participate. He has only indicated that China supported the Prime Minister's peace initiatives.

EDUCATION

POST-SECONDARY—STATUS OF FUNDING

Hon. Arthur Tremblay: Honourable senators, I have a question for the Acting Leader of the Government in the Senate. It stems from his reply to the questions I asked in December 1983 concerning the discussions on post-secondary education funding.

If I understand the answer he gave me yesterday, legislation would first be enacted to implement what the Minister of Finance announced last Spring, namely that the six-and-five rule would apply to the federal Government's grants for, or funding of all of the established programs, that is, as I understand it, the health programs and post-secondary education funding, generally.

Hon. Royce Frith (Acting Leader of the Government): On what page is that, Senator Tremblay?

Senator Tremblay: Your answer is on page 87 of yesterday's Debates of the Senate.

Once the legislation is passed by Parliament, negotiations with the Provinces would take place concerning the accounta-

bility procedure and the arrangements with respect to post-secondary education after 1984-85.

In his letter of early 1982 to the Provinces, the Prime Minister clearly indicated that the federal Government would take a new approach to its funding of post-secondary education.

More specifically, this would evolve within the framework of national goals set by the federal Government for post-secondary education.

It was on the basis of that statement that the discussions I referred to on two occasions in my questions were opened between the Secretary of State and the provincial Education Ministers.

My first question, in view of the answer I received yesterday and the subject matter of the forthcoming negotiations to be held after the six-and-five legislation is passed is as follows: Has the idea of national goals being determined by the federal Government for post-secondary education disappeared or been dropped from the discussions between the Secretary of State and the Provinces?

This is a first question, and depending on the answer I get, I may have a supplementary if the Honourable Acting Leader of the Government will allow it.

Senator Frith: Honourable senators, if my interpretation of the answer I gave yesterday is correct, the answer to the question just asked by Senator Tremblay will be found in the legislation, I hope. Therefore, we will have to wait for the legislation to see whether its underlying principles might provide an answer.

I have no other information, but I can try to find out whether the answer I have just given is justified. If not, I can always correct it later on.

Senator Tremblay: If the honourable senator will allow me, I will rephrase my question. I have learned from various quarters that the federal government's first intention in 1982 was to set so-called national objectives in that obviously exclusive field of provincial jurisdiction, and to make that a prerequisite of any federal participation in post-secondary education financing. I was told that the provinces reacted so strongly during the discussions which took place that the Secretary of State, for one at least, has decided not to pursue the matter any further and that future negotiations will not go beyond the objective defined here.

Given the stakes involved in the very principles of this issue, may I ask the Acting Leader of the Government to inquire of the Secretary of State whether he would confirm that the federal government will no longer make any attempt to set national objectives in post-secondary education?

Senator Frith: Of course, I can only answer for the federal government, including the Secretary of State.

I have noted and I may submit to the Secretary of State the additional information contained in the supplementary question asked by Senator Tremblay.

• (1420)

[*English*]

CORPORATE SHAREHOLDING LIMITATION

STATUS OF LEGISLATION

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, although I see that there are two ministers of the Crown in the chamber, I wish to address my question to Senator Frith, the Acting Leader of the Government in the Senate. My question relates to Bill S-31, which was before the Senate in 1982 but expired when the last session was prorogued. When the Senate was considering that bill, the Leader of the Government in the Senate told us that its basic objectives would remain government policy and that its deadline of November 2, 1982 would stand. Consequently, there appears to be a shadowy area concerning the intentions of the government with respect to that legislation. Is the government considering introducing a successor bill to Bill S-31? If so, does the government intend to insert that cut-off date of November 2, 1982 in the successor bill?

I ask that question for the obvious reason that those who will be affected by the successor legislation need to know the intentions of the government.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I agree with Senator Roblin that it is important that members of the public dealing in the shares of the companies referred to in what was Bill S-31 know what the government's intentions are. That is why Senator Olson made it clear that those people should assume that it was the government's intention to introduce new legislation and that the November 2 cut-off date would be inserted into that legislation. That was certainly so when Senator Olson made those comments and I have had no indication of a change.

I think it is quite fair for Senator Roblin to give the government an opportunity to reaffirm that expression of intent or to amend it, if there is going to be a change. I shall try to obtain that information as quickly as possible.

Senator Roblin: I thank my honourable friend. While he is making his inquiries, if it turns out that the successor to Bill S-31 is indeed on the waiting list, will he find out whether that bill will be introduced in the Senate; and, if so, will he attempt to find out the date on which we may expect it?

It seems to me that, if this matter is to remain government policy, it is time we had another debate on the subject in order to have the matter clarified and disposed of.

Senator Frith: Honourable senators, I shall attempt to make clear the government's intentions with respect to successor legislation—the timing and its intent as to the cut-off date—and I shall also attempt to determine whether the government intends to introduce such legislation in the Senate or in the House of Commons.

ENERGY

PETROLEUM INCENTIVE PROGRAM—STATUS OF GRANTS FOR CANADA LANDS EXPLORATION

Hon. Duff Roblin (Acting Leader of the Opposition): I now wish to address a question to the Honourable Senator Austin. I know that he still has a keen interest in the topic of oil and gas and, because of that, he might be the best minister to address this question to. My question relates to the PIP grants available for exploration in the Canada lands.

If my figures are correct, I understand that $7 billion may have been committed over a five-year period with respect to those exploration grants. I am informed that, despite the fact these works are now proceeding, none of the basic exploration agreements between the government and the companies concerned has actually been signed. I should like to find out if that statement is correct, and, if it is, how many of these agreements are still incomplete. If it is not true, the minister might be able to tell me how many of the agreements are complete and how many are pending. At the same time, I would appreciate his telling me how many dollars are involved in each instance.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, in my ministerial capacity I am in no any way responsible for energy or for answering Senator Roblin's question, but I shall seek the answers, which will take a few days, and I shall endeavour to reply or shall ask the deputy house leader to reply to your question.

[*Translation*]

BUSINESS OF THE SENATE

PRIVATE BILLS ON ORDERS OF THE DAY FOR JANUARY 24, 1984

Hon. Martial Asselin: Honourable senators, I rise on a question of privilege. I would like to point out to the Acting Leader of the Government and to Senator Leblanc as well the fact, last December 20, they scheduled the debate on second reading of four private bills for January 24, 1984, which will be next week. However, we have been told that we shall not be sitting next week. Do you intend to put all these bills back to another week or to change their date for second reading?

Hon. Fernand-E. Leblanc: Senator Asselin, I do not have with me all the necessary material. If I receive it—but I do not have it yet—I may be able to introduce these bills this week. If we are not sitting next week, I suppose this will automatically be put back to the following week.

Senator Asselin: Mr. Speaker, it is important to know when these bills will be introduced. It had been announced for January 24. We have therefore asked a senator on this side to prepare a reply to the bills scheduled for January 24. We would like to know when it is proposed to introduce them so that we may give an intelligent reply.

My question is simply this: When do you intend to introduce them? Will it be in January or in February? We want to organize our business accordingly.

[Senator Frith.]

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Senator Leblanc may wish to add something, but as Senator Asselin is well aware, there are procedural aspects, preparations which must be made. We can try to have a reply for Thursday to report progress in this regard.

Senator Asselin: You will understand that in the case of this type of private bill, we need to consult some papers to be able to prepare a reply. If the Acting Leader of the Government tells me that he will be able to give me a satisfactory answer on Thursday, I shall agree to it.

Senator Frith: This will clarify the situation as it is not clear for the moment.

Senator Asselin: I believe that the same problem applies to motions. The motion standing in the name of Senator Lafond is also scheduled for January 24. Is he planning to introduce it later, and if so, when?

Senator Frith: If the Senate agrees, I believe that Senator Lafond plans on introducing his motion today.

Does Senator Leblanc have anything to add about his private bills, or is he willing for us to try to have the information for Thursday?

Senator Leblanc: I shall be here until Thursday. I would personally have nothing against introducing these bills on Thursday, with the unanimous consent of the Senate. However, I would have to receive from the Senate's legal advisors all the documents required to make an intelligent presentation.

Senator Frith: I promise to report on the matter.

Senator Asselin: You have not answered my question.

• (1430)

[*English*]

NATIONAL DEFENCE

APPOINTMENT OF SPECIAL SENATE COMMITTEE

Leave having been granted to proceed to the motion for Tuesday, January 24, 1984:

Hon. Paul C. Lafond, pursuant to notice of December 20, 1983, moved:

> That a Special Committee of the Senate be appointed to hear evidence on and to consider matters relating to national defence;
>
> That 12 senators, to be designated at a later date, act as members of the Special Committee;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to adjourn from place to place within Canada, and to such places abroad where members of the Canadian Armed Forces may be stationed;
>
> That the Committee be empowered to retain the services of professional and clerical staff as deemed advisable by the Committee; and

> That the papers and evidence received and taken on the subject before the Subcommittee on National Defence of the Standing Senate Committee on Foreign Affairs during the First Session of the Thirty-second Parliament be referred to the Committee.

He said: Honourable senators, I will not speak at great length because the case for a Special Committee of the Senate on National Defence has been made previously, and in this regard I would refer honourable senators to my motion on Standing Rules and Orders in *Debates of the Senate* of June 28, 1983. There is general agreement among the senators who served on the late subcommittee that there is a requirement and that it is in the best interests of Canada, our armed forces and the Senate to have such a special committee.

As I stated previously, I think it is important that our armed forces, as well as our allies, know that one body in the Parliament of Canada concerns itself exclusively with matters of defence. This requirement is enhanced by a good number of verbal requests I have received that initiatives be taken by such a committee.

Some time ago, the Conference of Defence Associations commissioned a paper on industrial mobilization in Canada. This was prepared by Brigadier General William J. Yost, retired, who is now Planning Co-ordinator for Civil Mobilization. The paper, which Brigadier General Yost presented to the Conference of Defence Associations, was published last week. I would quote one of his recommendations which states:

> It is recommended that the CDA executive consider the possibility of initiating a study on "Canada's Industrial Preparedness for Defence", by the Sub-Committee on National Defence of the Standing Senate Committee on Foreign Affairs. Even when studies of this type are not immediately accepted by the Government, they are immensely useful in revealing the details surrounding a problem for further study, and for providing the general population with an understanding of important issues.

I think this is the type of recommendation we are hearing from a good number of people, that is, that our efforts should be continued exclusively in the field of defence in Canada. I urge honourable senators to support the formation of a special committee.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I wonder if I might add a brief word to what the mover of this motion has already said, to indicate my support of the proposal he has placed before us. I have been a member of the subcommittee of the Standing Senate Committee on Foreign Affairs, which was the original home of defence concerns, so it does not become me to be too laudatory in describing the work of that subcommittee. I can, however, bear testimony to the effective leadership given to that committee by Senator Lafond. I think honourable senators who have had anything to do with it are impressed with the zeal and common sense with which he pursued his responsibilities as chairman of the subcommittee. I hope that I will be one of those serving under his leadership of this special committee in its continuing work.

With respect to the wording of the motion itself, one paragraph has been pointed out to me by one of my colleagues as perhaps deserving notice. It states:

> That the committee have power to adjourn . . . to such places abroad where members of the Canadian Armed Forces may be stationed;

Although I stand to be corrected, I believe it is not generally the custom to give to committees the power to meet abroad; they must have the special consent of the Senate as the occasion arises. I think, however, that an exception could certainly be made in this case. In view of the nature of the committee's concern—namely, the Canadian armed forces of defence—it seems reasonable that, when it thinks it ought to, the committee should have the ability to visit the Canadian armed forces, wherever they may be stationed, without any special reference to the Senate in that connection. Therefore, although this may be an unusual provision, I by no means oppose it.

I am pleased to see that the committee will be empowered to retain the services of professional and clerical staff as deemed advisable. It has always seemed to me to be one of the great advantages of the Senate committees that they have the freedom to pursue their endeavours with the best advice they can find, without any reference to, if I might put it this way, what the government of the day might think about what they are doing. It is a good thing that our committees have that degree of independence. Long may it continue.

Honourable senators, I think this is a good resolution and I would be pleased to vote for it.

Hon. George van Roggen: Honourable senators, as former chairman of the Standing Senate Committee on Foreign Affairs, under which Senator Lafond's subcommittee was constituted some time ago, I should like to say a few words. Along with all other members of the committee, I was more than supportive of the idea that the subcommittee be established. The work done by that subcommittee has been outstanding. I divulge no secrets when I say that I have expressed my view quite openly to various senators and to the powers that be in the affairs of the Senate, if I may use that expression, that, in light of the suggested reduction in the size of Senate committees, which I think will make them much more effective, it would seem appropriate that this subcommittee become the Special Senate Committee on National Defence.

Honourable senators, I simply wish to say how proud I was, as chairman of the Standing Senate Committee on Foreign Affairs, to see the formation of Senator Lafond's subcommittee. I very much welcome his motion to see the work of that subcommittee continued by a special committee of the Senate.

Senator Lafond: Honourable senators, may I offer some clarification regarding the paragraph queried by Senator Roblin? Within the ambit of our current investigation of the aerial territorial defence of Canada, it is highly probable that

the committee will be called upon to visit Colorado Springs, the location of the headquarters of NORAD. That is one of the reasons for the insertion of that paragraph.

● (1440)

In pursuing our inquiries into Air Command, outside of aerial territorial defence, we may well have to visit Lahr and Baden Soellingen. That is why the paragraph itself was circumscribed to some extent by saying, "where . . . Canadian Armed Forces are stationed." Obviously, that does not give us authority to travel all over the world. However, I have no objection to requesting the Senate's authorization on each occasion.

Motion agreed to.

The Senate adjourned until Thursday, January 19, 1984. at 11 a.m.

APPENDIX

(*See p. 95*)

ADDRESS

OF

HIS EXCELLENCY ZHAO ZIYANG
PREMIER OF THE STATE COUNCIL OF THE PEOPLE'S REPUBLIC OF CHINA

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

TUESDAY, JANUARY 17, 1984

[*Translation*]

His Excellency, the Premier of the State Council of the People's Republic of China was welcomed by the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, and thanked by the Honourable Maurice Riel, Speaker of the Senate and the Honourable Lloyd Francis, Speaker of the House of Commons.

Hon. Lloyd Francis (Speaker of the House of Commons): I now invite the Right Honourable the Prime Minister to introduce His Excellency, the Premier of the State Council of the People's Republic of China.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Premier Zhao Ziyang, distinguished guests, honourable members of the Senate and the House of Commons, Canada and this Parliament are greatly honoured today to have in our company a most distinguished guest, the Premier of the People's Republic of China.

[*English*]

Mr. Premier, I welcome you on behalf of the people of Canada. You have come to a land of icy skies and snowy ground and you have come as a friend. This is a unique and momentous occasion. It is unique because it is the first time that a Chinese Premier has come to Canada and the first time that a high official of the People's Republic of China has addressed us. It is momentous because this occasion constitutes a recognition of the very special ties which unite our two nations and underscores the fact that Canada's relations across the Pacific are an increasingly important factor in our foreign and economic policies.

Canada is a very young country by Chinese standards. Two hundred years ago, Ottawa was a clearing in the woods. Two thousand years ago, China was at the height of civilization. Chinese artists and philosophers produced works still regarded as masterpieces today. During the dark and middle ages in Europe, a steady flow of Chinese inventions and processes enriched our civilization; the compass, gunpowder, silkmaking and printing, for example. During the enlightenment Chinese artistic design took the salons of Europe by storm.

China, as the middle kingdom, has always played a predominant role in the world. During many periods in its history its influence had spread well beyond the boundaries of Asia. Certainly today China has regained its full eminence as a force to be reckoned with in world affairs. Its strong leadership role in the Third World, its advocacy of better North-South and South-South relations, for example, are well known and widely respected. China's strong opposition to the Soviet intervention in Afghanistan and its support for the Cambodian coalition government are equally important in the Asian balance of power.

We in Canada share many of China's concerns and attitudes on these questions and consider close consultations such as we have this morning with the People's Republic of China as an important part of our foreign policy. We are proud of having established diplomatic relations with the People's Republic of China in 1970, and are extremely pleased that since then our bilateral relationships have achieved such variety, depth and warmth. Over the years many have contributed to the relationship both in China and in Canada. Today I pay tribute to them. We speak often of Norman Bethune and of Chester Ronning and rightly so. But going back even into the 19th Century there were thousands of others whose work has brought us to where we are today.

When I made an official visit in China in 1973, the current phase of our relations was very much in a formative stage.

Nevertheless, a number of understandings were reached, the fruits of which we are seeing today. In areas of family reunification, of cultural and sporting and academic exchanges, substantial and in some cases dramatic progress has been made. To cite just three examples, as of the end of last year, some 22,000 Chinese have been reunited with their relatives in Canada. Over 1,300 scholars and students from China have been received by Canadian educational institutions. Scores of prominent Canadian and Chinese artists and sports teams have performed in each other's country.

Like so many Canadians, as a young boy I was utterly taken with the mystery and excitement of Chinese history and geography and steeped myself in your myths and traditions. Later, I began what has been a life-long fascination with your philosophers, artists, strategists and historians. It seemed obvious to me even then that to the extent that the world could not benefit from Chinese experience and vision it would be a poorer place.

It was therefore with particular satisfaction that I found myself in a position to initiate the process which led to the establishment of diplomatic relations between our two countries. I hope that experience helped to speed China on the course which returned your country to the world stage and once again enabled its wise counsel to be heard in the community of nations. Some of the most valued memories of my visit to China in 1973 include the opportunity to meet Chairman Mao Tse-tung, to discuss politics with Chou En-Lai far into the night, and to be accompanied on my travels to the south of China by Chairman Deng Xiaoping whose wise opinion on world affairs I have always respected.

[*Translation*]

A country of great tradition, China has, as I remarked earlier, been the origin of many scientific discoveries for hundreds of years. Canada still has much to learn from China, but nevertheless, there are areas in which Canada could make a very useful contribution to your modernization program. I am thinking, for instance, of a number of high technology sectors, as well as the development of your resources, especially the oil and gas industry, both on the mainland and offshore.

In the space of nearly fourteen years, Canada's trade with the People's Republic of China has grown until today that country has become our fifth largest market. Chinese exports to Canada have also risen significantly over the years and this trend should continue.

[*English*]

Mr. Premier, if harmony distinguishes our bilateral relationships, the same cannot be said for the international climate within which the future of that relationship must unfold. There is abroad, especially since the beginning of this decade, a growing uneasiness with the direction of international affairs, particularly the state of relations between the superpowers. Our people are concerned about the future and most of all about the prospect of war in a nuclear age.

Mr. Premier, we are faced with a daunting challenge. Either this generation of leaders must reduce the number of nuclear weapons and prevent their spread, or we bequeath to our children a future where the chances of global destruction increase every day. Yet it would be a dangerous fallacy to expect stability to be achieved only through numerical adjustments and technological containment, however significant.

It is at least equally important to bring about a fundamental change in attitudes and intentions if we are to assure the peace we all so desperately seek. Over the last few months I have sought to draw attention to the gravity of the present situation and to influence the trend of East-West relations. I have been voicing the concerns of a great many Canadians who are deeply troubled by uncertainty over superpower intentions and by fears of growing nuclear arsenals whose destructive potential already defies comprehension.

Premier Zhao, I have sought counsel with many statesmen and world leaders on these matters. You and I have discussed, both here and in Beijing, the role that political leadership must play in reducing international tensions. We live in a multipolar world and China is one of its essential compass points. We in Canada highly value the opinions of China on the urgent questions of international security. Your weight is undeniable in any global reckoning.

China must take its full place in the world community. China, as a permanent member of the Security Council, has responsibilities of leadership in the task of reducing the threat of nuclear war. Indeed, the United Nations Charter confers special rights and veto powers on the permanent members of the Security Council who, not incidentally, constitute the nuclear weapons fraternity. These rights and privileges in maintaining international security also confer special responsibilities. But, of course, the primary responsibility for nuclear disarmament lies with the superpowers. With nuclear arsenals which could threaten life on earth many times over, they have heavy responsibilities not only to each other but to all of us. We cannot wait until the United States and the Soviet Union however, pursuing some internal superpower logic, are ready to reach agreement. We must demonstrate our stake in their deliberations and force their attention to the threat to which they subject the rest of mankind.

All nations and all political leaders have the duty to do what they can to stop the nuclear arms race and to prevent the spread of nuclear weapons. Thus we can take some satisfaction in the knowledge that, at a time when virtually all arms control negotiations have broken down, the foreign ministers of East and West are now gathering in Stockholm to discuss security and confidence-building measures in Europe. Let us hope that the period of megaphone diplomacy may be coming to an end.

Mr. Premier, the history of your country is measured in millenia. You know that on issues of war and peace there are no permanent solutions. Peace must be continuously constructed, nurtured and maintained through the efforts of honest men seeking happiness, prosperity and, in the nuclear age, the

survival of their people. Thus, the quest for peace is never-ending. In this sense, our talks this morning and your presence in this Parliament, Premier Zhao, are important building blocks for peace. For do we not both represent men and women of goodwill?

[*Translation*]
Mr. Speaker, it is with immense pleasure that we welcome today. Mr. Zhao Ziyang, Premier of the People's Republic of China.
(Applause)
[*English*]
[*Simultaneous interpretation*]

His Excellency Zhao Ziyang (Premier of the State Council of the People's Republic of China):
Mr. Speaker of the Senate,
Mr. Speaker of the House of Commons,
Mr. Prime Minister,
The Honourable Members of Parliament,

I have come to visit your country at the kind invitation of Prime Minister Trudeau, bringing with me the deep friendship of the one billion Chinese people for the Canadian people. I feel greatly honoured to have this opportunity of speaking to this august gathering.

Contacts between the Chinese and Canadian peoples began over two hundred and fifty years ago. At that time, tens of thousands of Chinese came to Canada and joined the Canadian people in developing this country. Many Canadian friends also went to China to live and work there. When the Chinese people were in times of difficulty, Dr. Norman Bethune gave up his life for the Chinese people's cause of liberation. In October 1970, the People's Republic of China and Canada formally established diplomatic relations, thus ushering in a new stage in the friendship between our two peoples. Sino-Canadian friendship has since then developed steadily, contacts have increased, and exchanges and co-operation have expanded. Many Members of the Canadian Parliament and friends from all walks of life have worked unremittingly for and made valuable contributions to all this. Reviewing the past and looking into the future, we are fully confident of the bright prospects for the expansion of Sino-Canadian friendly relations and co-operation.

Now I would like to take this opportunity to speak about China's foreign policy and some related questions.

What is the fundamental principle of China's foreign policy? To answer this question briefly, it is independence. We do not attach ourselves to any big power and are not subject to any big power's will. We have determined our foreign policy in line with our judgment on international affairs formed according to the fundamental interests of the Chinese people and those of the world people.

It includes the following points: (1) to develop relations with all countries on the basis of the Five Principles of Peaceful Co-existence: (2) to strengthen solidarity with the other Third World countries and friendship with the people of all countries; and (3) to oppose hegemonism and safeguard world peace.

You all know that in modern history China was badly bullied and oppressed by foreign powers, and the Chinese people waged long and bitter struggles and ultimately won national independence at tremendous costs. Therefore, we are jealous of our own independence and at the same time highly respect the independence of other countries. Back in the early 1950s China initiated the Five Principles of mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence, as norms guiding international relations. It is on these principles that we have handled our relations with other countries. We will never contravene these principles; nor do we want to see them violated by other countries in their mutual relations.

It is gratifying that the above-mentioned principles have been adhered to by both China and Canada in their mutual relations. The state of Sino-Canadian relations shows that countries with different social systems should and can live together in amity and co-operation to mutual benefit. We will work with Canada for the sustained development of our friendly relations and co-operation in the interest of the well-being of our peoples and the prosperity of our countries.

China is seeking to develop relations on the Five Principles of Peaceful Co-existence with all countries, which include the two superpowers—the United States and the Soviet Union. China has all along valued Sino-U.S. relations. The Five Principles of Peaceful Co-existence are acknowledged as norms guiding Sino-U.S. relations in the 1979 communiqué on the establishment of diplomatic relations between the two countries. The United States recognizes that there is but one China, that the Government of the People's Republic of China is the sole legal Government of China and that Taiwan is a part of China. It has stated that it has no intention to infringe upon China's sovereignty and interfere in China's internal affairs.

Relations between China and the United States have made fairly big progress since the establishment of Sino-U.S. diplomatic relations. However, there have also been ups and downs, and twists and turns. The main obstacle is the question of Taiwan. During my visit to the United States I held friendly, candid and serious talks with President Reagan and other leaders of the U.S. Government. The American side once again affirmed the above principles. We hope that the two sides will work together, strictly abide by the mutually agreed principles in their action and truly fulfil commitments already made, so that Sino-U.S. relations may take the path of steady development.

We also sincerely wish to see normalization of Sino-Soviet relations. The present state of Sino-Soviet relations is not to the benefit of world peace. We are trying to maintain normal relations with the Soviet Union on the basis of the Five Principles of Peaceful Co-existence. This requires the removal of the three obstacles to the normalization of Sino-Soviet

relations: First, the Soviet Union must stop supporting Viet Nam in its aggression against Kampuchea; second, it must withdraw its troops from Afghanistan; and third, it must withdraw its forces from the Sino-Soviet border and Mongolia.

China and the Soviet Union have already held three rounds of consultations. However, the Soviet side has thus far evaded discussing these three questions which threaten China's security. Although Sino-Soviet relations have somewhat improved in recent years, greater efforts by the two sides are called for if Sino-Soviet relations are to be really normalized.

I also want to say a few words about Sino-British relations. Negotiations are going on between the two sides to resolve the Hong Kong question which is left over from history. Hong Kong was occupied by Britain after the opium war. China has decided to resume exercise of its sovereignty over Hong Kong in 1997. We have adopted the following policies which we believe are reasonable: Hong Kong will become a special administrative region of China to be administered by the Hong Kong people themselves; the current social and economic systems and lifestyle will remain unchanged; Hong Kong will maintain its financial independence and its status as a free port and international financial centre; Hong Kong will maintain and develop its economic and cultural relations with foreign countries; the interests of the residents and foreign investors in Hong Kong will be fully protected. Hong Kong's prosperity and stability will not be affected.

All these will be guaranteed by a basic law of Hong Kong to be enacted by the National People's Congress, the supreme organ of power in China, which will take into full account the opinions of people of all walks of life in Hong Kong. I believe the question of Hong Kong can be resolved through negotiations between China and Britain.

China is a developing socialist country. We share similar historical experiences and face the same task of economic development. We firmly support the other Third World countries in their just cause of safeguarding national independence and developing their national economies. We are in favour of increased South-South co-operation, improving North-South relations and establishing the new international economic order through global negotiations. The Chinese Government appreciates the efforts made by the Canadian Government for pushing North-South dialogue forward and improving North-South relations. China will persist in its policy of opening to the outside world, strengthen economic co-operation of equality and mutual benefit with both developing and developed countries, and do its part in promoting world economic prosperity. We hope Sino-Canadian economic co-operation may set an example of co-operation between developing and developed countries.

We believe that only when the principles of peaceful coexistence are universally respected can our planet enjoy genuine and lasting peace. Unfortunately, not every country is willing to observe these principles. Hegemonist acts of strong countries humiliating the weak, rich countries oppressing the poor and big countries bullying the small, keep occurring from time to time. Therefore, we firmly oppose hegemonism. We are against hegemonist actions no matter where and by whom they are committed. China will never seek hegemony. We have declared many times that if China ever pursues hegemonism, other countries should also take it to task. Without opposing hegemonism, international justice cannot possibly be upheld, nor world peace be maintained.

The present international situation is indeed disturbing. There are so-called "hot-spots" in many areas in the world. The nuclear arms race between the two superpowers is becoming white-hot. The struggle over the deployment of intermediate missiles has aggravated the situation in Europe where two military blocs confront each other. Under these circumstances, the people of various countries strongly demand the stopping of the nuclear arms race and realizing disarmament. This is entirely justified. We appreciate the efforts made by Prime Minister Trudeau to safeguard world peace, relax international tension and promote nuclear disarmament. We support his appeal for the participation of more political leaders in the world in the cause of safeguarding world peace. We would like to continue consultations with Canadian leaders on these issues. We hope that all peace-loving countries and people will go into action and urge the two nuclear powers which possess over 90 per cent of the world's nuclear weapons to stop their nuclear arms race, resume disarmament talks, hold discussion in earnest and take the lead in agreeing on measures of drastically reducing nuclear arms so as to create the condition for joint nuclear disarmament by all the nuclear countries.

Honourable Members of Parliament, China takes the maintenance of world peace as a major objective in its foreign policy, not only because we need a peaceful international environment in which to modernize our country, but also because we are fully aware that the people of the world cannot afford to undergo the scourge of another world war. World peace and stability are the common desire of the people of all countries. So long as the people all over the world are united in defending peace, a new world war can be prevented.

I wish to take this opportunity to point out that a strong and prosperous China not only is in the interest of the Chinese people, but also contributes to world peace and stability. Now, more and more countries and regions hope to develop trade and economic co-operation with China and are highly interested in China's economic co-operation with China and are highly interested in China's economic policy. China's policy of opening to the outside world is not an expedient measure but a long-term national policy. While adhering to self-reliance, we also pay attention to importing advanced foreign technology and equipment and making use of foreign funds. In the next ten years we will give priority to energy, transportation, communication, and import key equipment and technology for upgrading about 400,000 enterprises. In all these areas, Canada has its strong points and experience. On our part, we also have many products which Canada needs. I am convinced, as time goes on, our areas of co-operation will become still more broader. Let us make further efforts to this end.

Honourable Members of Parliament, the Chairman of the Standing Committee of China's National People's Congress, Peng Zhen, has invited the Canadian Parliament to send a delegation to visit China at an appropriate time. I am sure you will be warmly welcomed by the Chinese National People's Congress, the Chinese Government and the Chinese people.

Thank you!

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Maurice Riel (Speaker of the Senate): Mr. Speaker of the House of Commons, Mr. Premier of the People's Republic of China, Mr. Prime Minister of Canada, ladies and gentlemen, it is a great honour to thank you, Mr. Premier of China, for the words of wisdom and encouragement you have just spoken before our two Houses of Parliament.

The philosophy that emerges from the outline you gave of your country's foreign policy and its peace objectives, your relations with the United States of America, with the Soviet Union, with Great Britain on the matter of Hong Kong, with Third World countries, and the North-South dialogue, seems very similar to what we in Canada believe, and in your comments on the policy and peace initiatives undertaken by our own Prime Minister, you expressed the same principles, and despite the immense distances that separate us, this is an example of the profoundly human solidarity that exists between our two peoples who are united in a common desire for peace.

Peace in our time, Mr. Premier, is not a vain ambition, and we are happy to hear that you share this ideal with our Prime Minister and with all Canadians, and you have come to us over the oceans, despite our cold Canadian winter, to announce before this Parliament that your people share our ideals. We find this very comforting, and urge you to tell the people of China that we are with them in this search for peace, and that Canadians are supporting the efforts of our Prime Minister, despite inevitable obstacles, to achieve a lasting peace at this point in the world's existence.

Thank you Mr. Premier for your visit and for the gesture you made today with reference to the cordial relations we have with China.

[*English*]

We wish to thank Your Excellency for your visit, for the gesture you have made and for the good words you have said to help the world along the road to peace. Thank you again.

Some Hon. Members: Hear, hear!

Mr. Lloyd Francis (Speaker of the House of Commons): Mr. Speaker of the Senate, Mr. Prime Minister, Mr. Premier of China, Members of the Senate and the House of Commons, it is a great honour for me on behalf of Members of our Houses of Parliament and guests assembled to express our appreciation of the Address we have heard from the Premier of the People's Republic of China. We welcome him to Canada as a representative of the most populous nation on earth and also as a friend.

The establishment of diplomatic ties between our two countries in 1970 was an important step leading to the resumption by China of its prominent role in the international community. Since that time there have been, as has been mentioned, an increasing number of exchanges between Canada and the People's Republic in the fields of arts and culture, science and technology, education, medicine, sports, tourism and, of course in economic areas. Canada's exports of well over $1 billion annually testify to the value of China as a trading partner.

In addition to continued economic co-operation we are encouraged by China's support for efforts to bring lasting international peace and stability.

[*Translation*]

Last year, a delegation of Canadian parliamentarians went to China to increase our knowledge of each other's country, to consolidate our friendship and to explore other avenues for co-operation between our two countries. All members of the delegation were absolutely delighted with their visit.

[*English*]

In keeping with the warm relationship which has developed between our two countries, we are honoured to receive our distinguished visitor in our capital.

Some Hon. Members: Hear, hear!

Mr. Speaker: The meeting is now adjourned.

THE SENATE

Thursday, January 19, 1984

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

Prayers.

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Royce Frith (Acting Leader of the Government), for Hon. A. I. Barrow, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, January 17, 1984

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FIRST REPORT

Your Committee to which was referred Bill C-2, intituled: "An Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971", has, in obedience to the Order of Reference of Monday, January 16, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW
Chairman

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

Hon. Charles McElman moved, with leave of the Senate and notwithstanding rule 45(1)(b), that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

COMMITTEE OF SELECTION

THIRD REPORT PRESENTED AND ADOPTED

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

THIRD REPORT

Pursuant to rule 66(1)(b), your committee submits herewith the list of senators nominated by it to serve on the Special Committee of the Senate on National Defence.

The Honourable Senators Buckwold, Charbonneau, *Flynn (or Roblin), Hicks, Kelly, Lafond, Langlois, Lapointe, Marshall, McElman, Molgat, Molson, *Olson (or Frith), Yuzyk.

*Ex Officio Members

Respectfully submitted

WILLIAM J. PETTEN
Chairman

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

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted.

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

Hon. Senators: Agreed.

Hon. Paul C. Lafond: Honourable senators, may I offer an observation? A complication has arisen in the past few moments. It is this: When the rules were amended to reduce the membership of select committees and standing committees to 12 it was specified under the heading of each committee that the quorum be four. Provision was not made for new special committees to have a quorum of four and because the old rule 70 has been eliminated, we are faced with a situation this afternoon that, for organization purposes, this special committee will require a quorum of eight, which may be difficult to obtain from the number of senators present in the chamber who are members of that committee. I do not know whether there is a solution but I put the problem to the Senate.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I am not sure whether the term "select committees" would include both standing committees and special committees. The only solutions I see are to either postpone the organizational meeting this afternoon or attempt to get a quorum of eight members. Regrettably, I do not see that we can do much about the matter right now, except to seek an answer in the rules.

Motion agreed to.

FOREIGN AFFAIRS

STANDING SENATE COMMITTEE AUTHORIZED TO STUDY CANADIAN RELATIONS WITH COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA

Hon. George van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon Canadian relations with countries of the Middle East and North Africa.

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the committee may determine, and to compensate witnesses by reimbursement of traveling and living expenses, if required, in such amount as the committee may determine; and

That the papers and evidence received and taken on the subject during the First Session of the Thirty-second Parliament be referred to the committee.

Motion agreed to.

VIA RAIL CANADA INC.

TRANSPORT AND COMMUNICATIONS COMMITTEE INSTRUCTED TO MAKE STUDY

Hon. Daniel Riley, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc.; and

That the papers and evidence received and taken on the subject in the first session of the present Parliament be referred to the committee.

Motion agreed to.

NATIONAL DEFENCE

NOTICE OF COMMITTEE MEETING

• (1110)

Hon. William J. Petten: Honourable senators, please be advised that it is the intention of the National Defence Committee to hold its organization meeting at 2.30 this afternoon in Room 356S.

QUESTION PERIOD

[*Translation*]

HEALTH AND WELFARE

ROYAL VICTORIA HOSPITAL, MONTREAL—NEUROLOGICAL EXPERIMENTS

Hon. Martial Asselin: Honourable senators, my question is directed to the Acting Leader of the Government, but I have the impression he will take this question as notice, since it includes several requests for information.

It has been reported that during the sixties some disturbing events took place in the Department of Neurology at the Royal Victoria Hospital in Montreal. We are told that a number of neurological experiments similar to brainwashing were carried out, in co-operation with the CIA, and that people who underwent those treatments have since suffered very serious after-effects. On one television program, a former patient referred publicly to the treatments she received during her stay at the Royal Victoria in the sixties, when apparently the CIA was conducting an experimental program with the Chief Neurologist, Dr. Cameron.

Subsequently, we heard that the Canadian Government had received apologies from the American Government for the CIA's activities during those years. However, it seems the victims who underwent the neurological treatments supervised by CIA experts are suing the American Government and the CIA, and that lawyers for the victims seem to be having trouble obtaining important documents which they claim exist and which they are seeking to obtain from the Department of the Secretary of State for External Affairs, to support their claims against the U.S. Government and the CIA.

The woman who told her story on television said that lawyers were having an extremely difficult time getting the co-operation of the Department of External Affairs on this important case, a case that is, I would say, very disturbing for Canadians in general, when there is evidence that an American information agency infiltrated our hospitals to carry out experiments of this kind.

I would like to know whether the Acting Leader of the Government could find out from the Department of External Affairs whether there are any documents that might be of some help to the victims of these treatments. If so, would the Department be willing to co-operate with the victims' lawyers in establishing a sound basis for their claims.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have asked for a preliminary report on this matter. In fact, I just received it a few minutes ago and that is why I only have the English version. I can translate if you prefer.

Senator Asselin: Fine: go ahead in English.

[*English*]

Senator Frith: In August 1977 the Department of External Affairs learned for the first time, through a press report, that the CIA had financed, through a private U.S. foundation, the Society for the Investigation of Human Ecology, medical

experiments at the Allan Memorial Institute of McGill University.

Since 1977 the Canadian government has made representations on numerous occasions to the United States government regarding these experiments performed in Canada, as mentioned by Senator Asselin, without the patients' consent and without the knowledge of the Canadian government. The CIA has acknowledged that it sponsored this research without the knowledge of the Canadian government. The United States authorities have expressed deep regret concerning this matter and have assured us that pursuant to a presidential executive order of 1978 such a thing will never happen again. It would appear that this apology was conveyed orally to senior Canadian officials. A search of departmental files has not yet turned up such a letter.

• (1120)

A number of individuals who were exposed to the experiments have sued the U.S. government in the United States District Court for the District of Columbia seeking compensation for their injuries. The department has been trying to assist them in obtaining documents which would elucidate the facts at issue in the lawsuit.

In August 1983, the Canadian ambassador raised the matter with the State Department in order to express concern and to indicate our interest in an early resolution of this issue. The department will be intensifying its efforts in the near future with a view to assisting Canadians, who may have been harmed by the experiments, to obtain compensation from the U.S. government.

Honourable senators, that is the government's position; it means to do precisely what Senator Asselin has asked.

[*Translation*]

If Senator Asselin would like specific details, I promise to do what I can.

Senator Asselin: I want to thank Senator Frith for acting so quickly to get this information. I suppose that when he heard about the case, he probably felt it was so serious that he had to get the information immediately, and he is to be congratulated for having done so.

The fact remains that the honourable senator's reply contains a number of facts that are disturbing for Canadians. I don't think we have ever seen a foreign country make such a major intrusion in a field as personal as neurology, as the United States has done in Canada, without notifying the Canadian Government.

Has the CIA infiltrated areas other than the one mentioned in the course of our discussion? It is quite possible.

I do feel that we should obtain more assurances from the United States Government. We should find out whether there has been infiltration by the CIA in other areas in Canada, without the approval of the Canadian Government, to carry out other experiments.

I want to take a serious look at all the angles of this problem. Later on I may be asking my honourable friend whether it would be possible to refer this entire question to our Foreign Affairs Committee so that we can hear witnesses from the Department of External Affairs as well. If I understood your report correctly, officials of the Department of External Affairs had been informed orally at the time or after when it happened.

[Senator Frith.]

I think we will have to dig deeper into this matter. It is a matter of national sovereignty to prevent a foreign country from infiltrating a field as important as the field of medicine. I think we may have to go even farther than my honourable friend and submit the entire question to a parliamentary committee, which would, I think, be able to clarify the situation.

Senator Frith: Honourable senators, I agree with Senator Asselin and his principles with respect to this kind of interference.

However, we must not forget that in this particular case, the initiative was taken by a private company in the United States, without the knowledge of the Government. We must, as I think Senator Asselin pointed out, understand exactly what the Government's role was.

If I correctly understood the information I received on the oral aspect, there was a statement by the United States in reply to Canada. We expressed our objections with respect to the situation and we asked them: "When did you extend your apologies?" and then they answered: "We did so orally". The Canadian government was not informed. The United States government was unable to find out whether it had been done in writing.

In any case, that is the position for the time being. I shall, of course, forward a transcript of our proceedings to the Department of External Affairs to emphasize the fact that we wish to express our support for the Government's efforts in helping the lawyers, as Senator Asselin suggested, and also to be kept informed of any developments in this very important case.

[*English*]

CANADA PORTS CORPORATION

APPOINTMENT OF AUDITORS

Hon. Duff Roblin (Acting Leader of the Opposition): I would like to address a question to the Leader of the Government respecting the Auditor General and the Canada Ports Corporation.

I can preface my remarks by saying that the Canada Ports Corporation is the successor to the National Harbours Board. According to the Auditor General, he has been the auditor of the National Harbours Board for the past 48 years, and indeed, according to him, this is the first of many major crown corporations to which the Auditor General has not been appointed as auditor or joint auditor. The information that has appeared indicates that the Auditor General of Canada will no longer be requested by the government to audit the books of the Canada Ports Corporation.

I have a couple of questions on that. First, what is the reason for the change? Secondly, was the Auditor General consulted on the matter before that decision was taken?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I saw the same news item in the press. I shall attempt to obtain an answer to both questions for Senator Roblin.

Senator Roblin: There are some other points that ought to be clarified. The first has to do with whether or not this represents a new policy initiative on the part of the government, because the Canada Ports Corporation is not the only major crown corporation included in the Financial Administration Act heretofore audited by the Auditor General. That act also includes the Canada Post Corporation, Canada Mortgage and Housing Corporation, the National Capital Commission and others.

I should like to know why the Canada Ports Corporation has apparently been singled out for special treatment. Or, if that is not the case, has the government indeed decided to dispense with the services of the Auditor General—who, alone among auditors, reports to Parliament and keeps Parliament informed of what is going on—thereby adopting a new policy of contracting this work out? That is an important policy question that needs to be settled.

There is another point my honourable friend could look into for me, if he would be so kind, and that is to obtain information so that he can inform the Senate on the terms of reference of the new auditor. If, indeed, the government intends to ditch the Auditor General with respect to the Canada Ports Corporation and appoint somebody else, what are the terms of reference of the new auditor?

I make that request because, as everyone knows, the terms of reference of the Auditor General are not the same as those given to ordinary, commercial auditors. The terms of reference are broader for the Auditor General of Canada so that Parliament can be kept informed. I think it important for us to know whether the terms of reference for the new auditor will be the same as those that were in place for the Auditor General; and, if not, what the difference is.

I should also like to know whether the government will reconsider its decision in order to reinstate the Auditor General of Canada in a job which he has done quite satisfactorily for 48 long years.

Senator Frith: I will certainly treat that as a supplementary question, and I am sure that the government, having taken this decision with reference to the Canada Ports Corporation, will be happy to give its reasons. As soon as I have the information I will provide it. We can then see if we wish to discuss the matter further, because it is a matter of broad principle.

Senator Roblin: I thank my honourable friend for his cooperation. Perhaps he could also inform the Senate why it was desirable to bestow this gift on a gentleman who lives in Winnipeg, which is a long way from most ports. Winnipeg is a long 650 miles from the Port of Churchill, though I do not know whether the new auditor will go there very often, but most of Canada's ports are located in places other than the centre of the country. It would be interesting to know why this assignment has been given to a certain gentleman, in his personal capacity, as far as one can tell. If that is not the case, then I think the acting leader should tell us what the facts are. On the face of it, it is a curious situation and I hope that my curiosity can be satisfied.

Hon. Richard A. Donahoe: Honourable senators, I listened with interest to what the Acting Leader of the Opposition had to say. I heard him say, or understood him to say, that most of the ports of Canada are to be found in central Canada. I recommended to him that he think about the Port of Halifax, which is on the edge of Canada. The acting leader said, "in the centre of Canada." The ports of Canada are generally located on the outskirts; at least, the port I am proud to represent is on the outskirts of Canada.

Senator Frith: I may have misunderstood my honourable friend, but I think that if he said anything that indicated the ports of Canada are normally found in Winnipeg, he said so ironically; but, in fact, I thought he said quite the opposite.

Senator Donahoe: I did not understand him to say that the ports were found in Winnipeg; I understood him to say that most of the ports are to be found in the centre of the country. If I am wrong, I apologize. Today's *Hansard* will prove who is correct.

Senator Roblin: Fortunately, I have a chance to correct today's *Hansard* before my honourable friend can see it, but if he is right, then I am wrong, because the ports of Canada are not found in the centre of the country but are found in other locations. I accept that correction and will look at *Hansard* carefully to make sure that no false impression is left.

CANADA POST CORPORATION

SUBSIDIES TO FOREIGN PUBLICATIONS

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I have a question relating to the draft regulations Canada Post Corporation intends to circulate for consultation with respect to the subsidies the Post Office provides for foreign publications.

In its news release of January 6, the Canada Post Corporation said that these draft regulations would be circulated. I regret that I have not received my copy. If they have not been circulated, I would appreciate my honourable friend's letting me have a copy of them.

• (1130)

My question has to do with subsidies to foreign publications. Indeed, perhaps the government could provide answers to a couple of questions. I believe there are two classes of subsidy—those for foreign publications mailed inside Canada, and those for foreign publications actually printed in Canada. I should like to know the policy of the government with respect to these subsidies. If they are being terminated, can my honourable friend tell me on what grounds?

In addition, I should like to know what the subsidies amount to and who gets them. In order to consider carefully, as the Post Office would like us to do, the impact of these proposed regulations, whenever we see them, I would appreciate having some facts on the present situation so that we can decide whether the government's policy is in the best interests of the taxpayers and of the cultural life of the nation.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I am sure the government would welcome that sort of examination, and I agree with Senator Roblin that to begin with we should try to get the regulations.

TRANSPORT

NEWFOUNDLAND—TRANS-CANADA HIGHWAY

Hon. Jack Marshall: Honourable senators, I have a question for the Acting Leader of the Government, which, although it is rather parochial in nature, I am sure he will have to take as notice. It concerns the meeting between the Minister of Transportation of Newfoundland and the federal Minister of Transport. The Province of Newfoundland is concerned because of the deterioration of the Trans-Canada Highway in Newfoundland.

Could the acting leader impress upon the Minister of Transport the importance of upgrading and maintaining the Trans-Canada Highway in Newfoundland and giving it priority among the public projects of that province? Could he obtain an answer as to the position the minister is taking with regard to advancing the necessary funding or, indeed, to renewing the agreements with the Province of Newfoundland on highway construction and providing the funding for that project?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I will take that question as notice.

Senator Marshall: Honourable senators, without making this a supplementary, I wonder if the acting leader could indicate to us if he has made a New Year's resolution that delayed answers will be given to the Senate much quicker than they were last year?

Senator Frith: Honourable senators, I would rather avoid the comparison, but I have made a resolution—and I have spoken to my assistant and Senator Olson's assistant in this respect—to try to answer those questions even more satisfactorily than last year, if that is possible.

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on January 16, 1984 as a continuation of a question he asked on December 20, 1983, concerning the Prime Minister's peace initiatives.

[Senator Roblin.]

I have a copy of the address made yesterday by the Honourable Allan MacEachen in Stockholm at the 36 Nation Conference on Confidence Measures and Disarmament in Europe.

Perhaps I could cite some of his speech in response to Senator Asselin's question; it might then be useful to incorporate the entire contents of the speech as an appendix to today's *Debates of the Senate;* but I leave that to Senator Asselin. Particularly dealing with the question of how ongoing these initiatives might be, I will refer to page 5 of that address. Our minister made the following statement:

> Let us, as Ministers, commit ourselves here and now to investing this enterprise with a sense of political direction and urgency, and if it proves desirable for us to return to this forum to re-inspire and maintain that momentum, is there any among us who would not come back, who would assign a higher priority to other engagements?
>
> Let us begin to negotiate.
>
> Let us concentrate on the realistic goals defined by the mandate for this conference of confidence-building—and not on the enormity of some of the gaps that must ultimately be faced in our search for a less dangerous world.
>
> A less dangerous world: I am convinced that that is what we all want—regardless of our political system, our geographical size, our armed might.
>
> We are all in this together, superpower and mini-state. We move forward together, or we sink back into greater and greater danger.
>
> I come back again and again to the urgency of our confidence-building task.
>
> Never have imagination and determination been more urgently called for.
>
> The Government of Canada commits itself now, as it has done in the past, to responding unstintingly to this challenge.

Honourable senators who attended the joint meeting and the joint session of the Senate and the House of Commons on Tuesday will have noted that the Prime Minister made some comments about the need to continue the initiatives; in that way, he addressed some of the questions Senator Asselin raised both before Christmas and earlier this week. I expect that Senator Asselin may want some further precisions, particularly as a result of developments announced in the news today regarding the response of Mr. Andropov that he would be unable to see the Prime Minister now, apparently because of ill health. Certainly, if Senator Asselin wants such further, specific information about the future activity of the peace mission, I will try to get that for him.

[*Translation*]

Hon. Martial Asselin: I want to direct this question to my honourable colleague. Now that a letter from Mr. Andropov has been received in which he is asking the Prime Minister to delay his trip to Moscow, will the Prime Minister put off his

peace mission for a few months or a few weeks? What are his plans?

Senator Frith: I sought information as you were asking the question. A release will be issued today concerning specific details on the initiative of the Prime Minister. This announcement is right along the line of the question asked by Senator Asselin. Unfortunately, I cannot provide more details right now, but I hope to be able to do so before the Senate adjourns.

Senator Asselin: I would like to have those details before the adjournment, for we will not be here next week and this subject is of considerable interest to me.

Senator Frith: I will indeed convey this information to you if possible.

[*English*]

BUSINESS OF THE SENATE

PRIVATE BILLS ON ORDERS OF THE DAY FOR JANUARY 24, 1984

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, unfortunately, I have not had an opportunity to discuss this matter with Senator Leblanc, but it is my understanding that he will be prepared to proceed with the four private bills on January 31. As Senator Asselin pointed out, they had been adjourned to January 24, but putting them over until January 31 will give honourable senators opposite an opportunity to consider these bills and to prepare and form replies for second reading, as Senator Asselin has requested.

Since he knows more about these private bills than I do, perhaps Senator Leblanc has something to add.

[*Translation*]

Hon. Fernand-E. Leblanc: I am unable to introduce Bills S-2, S-3, S-4 and S-5 today. Additional research, which is required to complete certain records, will only be ready next week. The Acting Leader of the Government believes that all the papers will be ready when we come back on January 31; however, I cannot confirm this statement as the compilation of that material is outside of my jurisdiction.

Hon. Martial Asselin: I am not insisting that you table your documents on January 31, because I shall be pleading a case before the Appeals Court in Quebec City on that day. If it is convenient, I would prefer to hear your views on these bills on the following Wednesday or Thursday.

Senator Leblanc: If the material is ready, I can foresee no problem, Senator Asselin.

[*English*]

THE SENATE

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with reference to the absence from the chamber today of Senator Austin and Senator Argue, I have this information.

Senator Austin spoke to me—and I apologize for not having mentioned this earlier—about a cabinet meeting that had been planned for this morning, and, of course, our own morning sitting today was not anticipated. That is why he is unable to be with us today.

Senator Argue, on January 17, 18 and 19—which is today—is hosting Mr. Boris S. Gordeev, Deputy Minister of Foreign Trade for the Soviet Union, on his visit to Canada. That is the reason for his absence.

INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon. Charles McElman moved the third reading of Bill C-2, to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971.

Motion agreed to and bill read third time and passed, on division.

NATIONAL DEFENCE

SPECIAL SENATE COMMITTEE—QUORUM

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have been asked to try to solve Senator Lafond's problem with respect to the organization meeting of the Special Senate Committee on National Defence. If Senator Lafond is correct—I have not had a chance to check, but he probably is—it is likely, just because of an anomaly in the rules, that his committee requires an eight-member quorum while all other Senate committees require only a four-member quorum. Perhaps we could do Senator Lafond the courtesy of putting his committee on a par with the other Senate committees.

If honourable senators unanimously agree, I move, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the quorum of the Special Committee of the Senate on National Defence be four members.

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

Hon. Senators: Agreed.

Motion agreed to.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

January 19, 1984

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of

Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 19th day of January, 1984, at 12.45 p.m., for the purpose of giving Royal Assent to a certain Bill.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, January 31, 1984, at 2 o'clock in the afternoon.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Julien Chouinard, 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 Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971 (*Bill C-2, Chapter No. 1*).

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, January 31, 1984, at 2 p.m.

THE SENATE

Tuesday, January 31, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

NEW SENATOR

The Hon. the Speaker *pro tempore:* Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Lorna Marsden has been summoned to the Senate.

NEW SENATOR INTRODUCED

The Hon. the Speaker *pro tempore* having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summon, which was read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk; and was seated.

Hon. Lorna Marsden, of Toronto, Ontario, introduced between Hon. Royce Frith and Hon. Jerahmiel S. Grafstein.

The Hon. the Speaker *pro tempore* informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

SENATE REFORM

REPORT OF SPECIAL JOINT COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. Gildas L. Molgat: Honourable senators, I have the honour to table the report from the Special Joint Committee of the Senate and the House of Commons on Reform of the Senate 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.

This is the normal motion when a report is introduced. There have been occasions in the past when there have been requests for such a report to be appended to the *Debates of the Senate*. I know this involves a certain cost and that the Internal Economy, Budgets and Administration Committee has considered this matter in the past and has asked questions with respect to the need for this extra printing. Since the report deals with this institution I would ask for the views of my colleagues in the Senate with respect to whether or not we should add to the motion the words "and the *Debates of the Senate*."

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I gather that my honourable friend has invited us on this side of the house to comment on his suggestion. I think we agree it is a good idea. This is a report which goes to the very heart of our operation in the Senate, and if adopted and implemented by all concerned it will have a very important effect on the constitutional and parliamentary life of the country. It seems to me it is not out of the way to have the report printed in both publications, as my honourable friend suggests. The report itself is some 120 pages long, inclusive of the English and the French texts, and although the printing of that number of pages will run up a considerable bill the fact that it is already in both official languages facilitates its printing in our records. I support my honourable friend's suggestion.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I had the opportunity to discuss Senator Molgat's suggestion with him and Senator Roblin before the proceedings commenced this afternoon. I agree with the remarks of both my colleagues. Although we should be careful with respect to running up the cost of the printing in the *Minutes* and *Debates*, I think that this is an exceptional situation and the suggestion is one which I support.

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

Motion agreed to.

For text of report see appendix, p. 128.

The Hon. the Acting Speaker: When shall this report be taken into consideration?

Senator Molgat: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(e), I move that the report be taken into consideration now. If that is agreeable to honourable senators, I will outline the major points of the report today and will make more substantial comments at a later date.

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

Senator Roblin: Honourable senators, as a rule I am one of those who need to be convinced that leave must be justified in order to breach our rules. The general theory is that it is appropriate that we have a period of 48 hours, as the rules provide, to read the report and make ourselves familiar with it before debate begins. We have only received the report on our desks this very minute. I understand that in this particular case, as the mover has said, the purpose of his speech will be to give factual information as opposed to debating the details of the report. I think there is considerable interest in the general

public with respect to the contents of this report. Therefore, it might be useful for the joint chairman to outline some of the contents of the report now. In this way we can reserve the opportunity to talk about what we like and what we do not like in the report for some other time. I do not oppose the request for leave.

Senator Frith: Honourable senators, I think we should support the request for leave in this case. I understand that the joint chairman intends to make introductory comments with respect to the report. I am sure his comments will aid us all in reading the document and in debating it later on.

Senator Molgat: Honourable senators, by this time you will have received a copy of the report together with a copy of the press communiqué. The report represents eight months of solid work on the part of the committee members. As you will recall, the committee as structured was made up of eight senators and ten members of the House of Commons. At the first meeting, the committee very kindly elected me as one of the joint chairmen and the Honourable Roy MacLaren was elected as the joint chairman representing the House of Commons. Later, however, Mr. MacLaren became a cabinet minister and at that time the Honourable Paul Cosgrove became the joint chairman representing the House of Commons.

Throughout the work of the committee there was an agreeable understanding between the two houses. As you know, joint committees are not always easy committees to work with, but I must say that this was one of the finest committees with which I have had the privilege of working. We did not always agree, but we certainly agreed to work together to try to reach the best possible solution to the problem that had been presented to us.

I want to pay particular tribute to my colleagues in the Senate who worked on this committee. Senate representation on the committee was eight senators but, in fact, a total of 24 senators worked on the committee at some stage or other. In other words, there were 16 additional senators who worked on the committee during the course of the deliberations and meetings that were held across Canada.

I would like to convey my particular thanks as well to the staff members who worked with us. You will find them listed on page 61 of the report. The clerks from both houses did outstanding work. My own personal staff was invaluable in giving their assistance, and the research group worked extremely well together—and I say "together" because we attempted to do something a little different from that done by some previous committees. On one side, as the project directors, we had the Parliamentary Centre for Foreign Affairs and Foreign Trade, with which many of you have worked previously; on the other side, we had staff from the Research Branch of the Library of Parliament seconded to that group. It all worked out exceedingly well, and they have my thanks and sincere appreciation.

Turning now to the report itself, it might be useful to refresh our memories as to the terms of reference passed by the two houses. You will recall that it was this house that passed the resolution in the first instance, and the part of that order of reference which is of importance to us is that in which we were instructed:

> —to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;
>
> That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

Thus, our clear guideline was to take a good look at the regional representation function of the Senate, and this is what we attempted to do during the course of our work in the committee. We recognized at the outset that, before any major changes could be made to the Senate which would require constitutional amendment, there had to be agreement by at least seven provinces representing 50 per cent of the population. We recognized, therefore, the importance of provincial input and provincial understanding.

● (1420)

Our first course of action was to write to all of the provincial premiers to invite them to meet with us as they chose, by appearing before the committee during public hearings, appearing before the committee *in camera* or meeting with us on a private basis. We invited representatives of all political parties in Canada to do the same.

We decided that the committee would travel to the provincial and territorial capitals so that members of the provincial and territorial legislatures would not have to travel to Ottawa to give their views to the committee. The committee travelled to the capital cities of the ten provinces and to the two capital cities located in the territories. The committee held as many hearings as necessary so that everyone wishing to submit their views was heard.

During the course of the hearings there was no attempt to direct the committee or to guide the committee in any particular direction. We listened to the viewpoints that were put before us and discussed them among ourselves, but did not attempt to arrive at a consensus at that point. It was only after we had finished our hearings that the committee members got together for two days in an attempt to make some sense out of the diverse points of view we had heard over a period of some months. I think I can honestly say that many of us changed our minds during the course of the hearings as we listened to the various points of view. When we sat down and discussed those among ourselves, I think I can honestly say that we all came to the conclusion that major reforms were necessary.

At the outset there was not total agreement on the way in which the Senate should be reformed, but a consensus was worked out and at that time we started to put our thoughts down on paper.

The report of the committee is really a composite of many points of view: those given by members of the House of Commons and of the Senate who were invited to speak to us; those given by academics; those given by members of the various provincial legislatures; and those given by ordinary citizens who felt they wanted to speak to us. The structure of the committee was such that all parties represented in the two federal houses of Parliament were represented on the committee. This meant that there was a great background of political knowledge available. There was, indeed, a very broad input because so many members of the committee had served on municipal councils as well as in provincial governments.

As a result of holding those hearings across the country, the committee produced a report. The report is very different from propositions that have previously been made regarding Senate reform. The report is an attempt by the members of the committee to put in place a system that will work to provide the regional input we were instructed to look at, and which, quite frankly, we found in the course of our travels, Canadians wanted. Canadians are looking for a forum such as the Senate to reflect truly Canada and its regional, ethnic and economic differences. The feeling is that that job is not being done adequately at the present time by the Senate in spite of the mandate given to it by the Fathers of Confederation when they established the Senate. The feeling of the Canadian people is that the Senate does not accomplish that job properly. There is general recognition that we do excellent work in committees; that we do excellent work in reviewing legislation; that we do excellent work when we make a study of a special subject. There is equal disappointment that we do not properly reflect and stand up for the regional interests in this country. So, in my opinion, there is in the Canadian people a desire to see a new chamber, a chamber better able to do that job.

Out of all of that comes this report, and I must repeat—as we do in the report, as we do in our communiqué, and as we will be doing in speeches we will make across the country—that this is an inter-dependent report. You can analyze it and criticize every section of it, but no section stands by itself, no proposal stands by itself. In our opinion, they stand as a whole and they must be looked at in that way. Therefore, we urge you to read the whole of the report before drawing conclusions. Do not come to any conclusions after simply reading the first two, three, or four propositions. Do not even make any notes in the margins as you are reading it, but go through it first in its totality. Look at the whole thing as a package before drawing any definite conclusions. In my opinion, that is the only way in which this report can be intelligently considered. If following this procedure takes a little time, then so be it. Let us take the time to look at it in its entirety as a series of accommodations which we hope will provide the right combination of sufficient power and sufficient regional representation without destroying the parliamentary system we have in this country.

● (1425)

In essence, we recommend an elected Senate, not on the basis of proportional representation, as has been frequently proposed both in this house and outside it, but rather by direct election on a single constituency basis. The argument over proportional representation will continue, I am sure, and there was much discussion about it in our group. The feeling was that proportional representation would not provide that degree of independence that we think is essential to a Senate that will speak out boldly for regional views and not be unduly subjected to party pressure, recognizing that parties are, nevertheless, an essential part of the parliamentary system.

We recommend a substantial change in the distribution of seats. The equalization across the country would move, basically, to 12 senators per province. However, the two central provinces, Quebec and Ontario, because of population size, economic considerations, historical elements and practical considerations, would remain at 24 seats each. The other provinces would have 12 seats with the exception of Prince Edward Island, which would have 6 seats, while the Northwest Territories would have 4 seats and the Yukon Territory would have 2 seats. Although that distribution of seats does not represent total equality, it would be a substantial move forward which we think could be acceptable.

We recommend that there be a suspensive veto and not a full veto as we now have.

We recommend that action be taken to provide for the independence of senators vis-à-vis the House of Commons and vis-à-vis the government by having elections based on single member constituencies that would be for a limited non-renewable term. We recommend that the term be nine years in order that it will be sufficiently long to provide for those senators who are already appointed, and that it be non-renewable so that those who are here will have independence. That would also eliminate competition with the House of Commons with respect to what you might call the ombudsman work in the constituencies, and would leave honourable senators with more time to concentrate on those things that we consider to be the responsibilities of the Senate. In other words, senators will be able to do the work now being done in committees and in special studies, without being subject to the same pressures as members of the House of Commons and without being in direct competition with them at all times.

● (1430)

We recommend that elections be held every three years on fixed dates, so as not to coincide with elections for the House of Commons. Thus, Senate elections would not become embroiled in questions of confidence in the House of Commons or of the choice of Prime Minister. Ours would be elections purely of those responsible for regional representation.

We also recommend that members of this house, elected in this fashion, be ineligible for cabinet posts. We recognize that some feel that a purpose of this house should, in a certain way, be to provide members of cabinet, where the party in power has been unsuccessful in having a member for a particular region elected to the House of Commons. It is our view that to follow that course would take the political parties off the hook; that, if political parties cannot elect members in certain regions of the country, then the political parties ought to be looking at themselves; that the fault lies in the political parties

and not in the political institutions of this country; and that we should not change the institutions to suit that purpose. Let the parties do their proper work; they have a role in that regard.

We recommend that there be a double majority regarding francophone language rights. We have to recognize that as we have changed the make-up of the Senate through the years we have been diluting the input of the province of Quebec, which started off with a one-third membership in this Senate at the time of Confederation, when each region had 24 seats. That dilution has been ongoing. We are, quite frankly, now recommending further dilution. We think on that basis—considering that, when it entered Confederation as Lower Canada, the Province of Quebec insisted that there be Senate representation of regional and minority rights—the double majority mechanism will give that protection at this time.

Those are the major general recommendations we make. I hope I have not missed any in my comments.

Honourable senators, I come back to the point I made earlier: I urge you to look at the whole report, from the first chapter to the last, before reaching a conclusion on whether it can work. While we did not have unanimity in our committee, we had a large degree of consensus. Accordingly, we have tried to indicate in the report the varying points of view.

Finally, we are quite conscious of the present nature and stature of this house, but we believe the recommendations we make can be carried out during a transitional period, and we deal with that matter in chapter 7 of our report. One member of the committee felt that that was as far as we should go in our recommendations at this time; that any of the proposals that we make for change now that can be made by this house itself, or by the two houses, without constitutional change, would fit into a future plan for an elected Senate. That is not, however, the wish of most of the members of the committee; the majority wish to move to an elected Senate as quickly as possible. However, we recognize the constitutional difficulties.

Nevertheless, some changes can and should be made now. We recognize that the senators who are here came to this chamber under a certain set of conditions, and we recognize that the country, in asking them to come here, accepted those conditions, as did the senators themselves. We recommend that those conditions be lived up to, but that we should not wait to make changes within this house.

• (1435)

Honourable senators, the need for reform is urgent and I think that all of the members of the committee will agree that, as we travelled across the country, Canadians stated in direct terms that they want to see some major changes made to this institution.

On motion of Senator Macdonald, debate adjourned.

AFFAIRS OF THE AGED

PROPOSED ESTABLISHMENT OF DIVISION—NOTICE OF MOTION

Hon. David A. Croll: Honourable senators, I give notice that on Tuesday, February 7, 1984, I will move:

[Senator Molgat.]

That in the opinion of this house, the government should give consideration to the establishment of a Division of the Affairs of the Aged, with responsibility, insofar as the Parliament of Canada has jurisdiction, for promoting the welfare of aged people in Canada by

(i) planning and helping to plan Government of Canada policies on the affairs of the aged, in particular, in the areas of human rights, income security, employment, retirement and public services, including housing, nutrition, health care, education and recreation;

(ii) administering such Acts of the Parliament of Canada and such orders and regulations of the Government of Canada as are assigned to it;

(iii) co-ordinating policies, in both the public and private sectors, affecting the aged;

(iv) carrying out research and dispensing information on the affairs of the aged; and

(v) engaging in such other activities as are considered conducive to this goal by the Governor in Council.

ENERGY AND NATURAL RESOURCES

STANDING SENATE COMMITTEE—PROPOSED REVIEW—NOTICE OF MOTION

Hon. Paul Lucier: Honourable senators, I give notice that, on Thursday, February 2, 1984, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the recommendations contained in the Fifth Report of the Special Committee of the Senate on the Northern Pipeline, entitled: "Marching to the Beat of the Same Drum: Transportation of Petroleum and Natural Gas North of 60°", tabled in the Senate on 30th March, 1983, and to enquire into any matter related thereto;

That the Committee have power to adjourn from place to place within Canada;

That the papers and evidence received and taken on the subject and the work accomplished during the First Session of the Thirty-second Parliament be referred to the Committee; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of consideration of legislation and other matters as may be referred to it.

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE—PROPOSED AUTHORIZATION—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that, on Thursday, February 2, 1984, Senator Sparrow will move:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be empowered, without special

reference by the Senate, to hear submissions from representatives of agricultural, fisheries, forestry and related industries.

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Thursday next, February 2, 1984, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, it has been our practice to sit on Tuesday and Thursday afternoons, leaving Wednesday afternoons free for committee meetings and Wednesday mornings free for caucus. The intention is to continue that procedure for the month of February. However, I would ask honourable senators to take notice of the winter break that, by the rules of the other place, is provided for in February. We are, of course, not bound by those rules, but it is quite likely that we will not sit during the period of that winter break. We shall certainly not sit, if there is not a heavy list of legislation from the other place. The date of that break, as proposed in the other place, is from Saturday, February 25 until Wednesday, February 29. Therefore, we shall probably adjourn on Thursday, February 23 and resume on March 6. I am not giving a Notice of Motion but I am advising senators that we shall have a break from our proceedings commencing the week of Monday, February 27. The winter break proposed by the House of Commons will continue until March 5 and we shall probably return on Tuesday, March 6.

● (1440)

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I do not intend to debate the motion, because I believe we are ready to approve it. However, I should like to make a request of the Acting Leader of the Government with respect to the proposed winter break. In mentioning it this afternoon, he left me with the distinct impression that we might meet during that break if we received sufficient work from the other place to necessitate that. There could be a difficult situation, because many senators would like to know definitely what our timetable is likely to be. If it is necessary for us to return during the break, then we shall be here; there is no question about that. But perhaps the Acting Leader of the Government could confirm at the earliest possible time whether or not we shall be meeting during the break, in order that those senators who wish to make plans may do so.

Senator Frith: Honourable senators, I am prepared to say now that it is not our intention to sit during that week. It would have to be an emergency of some kind that would require our sitting during that week. Subject to the usual caveat regarding the necessity for us to sit in the event of an emergency, honourable senators may make their plans on the basis of our not sitting that week. We would adjourn on the Thursday, although the other place would not adjourn until the following day, Friday.

Motion agreed to.

QUESTION PERIOD

VETERANS AFFAIRS

INDEXING OF PENSIONS

Hon. Jack Marshall: Honourable senators, I have a question for the Acting Leader of the Government concerning veterans affairs. As a result of the indexing of pensions, the January increase in the basic rate of pension for veterans means that once again veterans will receive a lower rate of pension than those in the Public Service who work in the lowest categories on which the basic rate of pension is based. Veterans will fall behind by the amount of $596 per year.

There have been many requests made to overcome this periodic variation against veterans and the minister is well aware of the situation. The average age of First World War veterans is over 83. Is it not time that steps were taken to overcome this inequity? Will the Acting Leader of the Government impress upon the minister concerned the need to correct this anomaly?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I will bring to the attention of the responsible minister the renewed concern of the honourable senator for this recurring problem, and I hope to have a reply at the earliest opportunity.

DECEASED VETERANS—WIDOWS' PENSIONS

Hon. Jack Marshall: Honourable senators, notwithstanding the fact that Canadian veterans legislation is as good as and is comparable with any in the world—and is probably even better, a serious anomaly still exists concerning the proportionate pension of a widow of a deceased veteran. A widow of a veteran who was receiving a 60 per cent pension receives the same amount as the widow of a veteran who was receiving a 100 per cent pension. In the Senate committee's report "They Served—We Care," this matter was brought to the attention of the Minister of Veterans Affairs. It is a serious anomaly, because such widows have for many years looked after their husbands who have suffered from war wounds. Perhaps the Acting Leader of the Government would request the minister again to give consideration to this matter.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I believe I am correct in recalling that this is not the first time that the honourable senator has raised this point. I will try to obtain from the minister a reply to his question.

LIBERAL PARTY OF CANADA

TORONTO MEETING—ALLEGED STATEMENT BY MINISTER OF EMPLOYMENT AND IMMIGRATION

Hon. Orville H. Phillips: Honourable senators, I have a question for the Acting Leader of the Government. On the weekend of January 22, the Ontario branch of the Liberal Party held a soul-searching session in Toronto, at which the Minister of Employment and Immigration is widely reported as having advised the delegates that:

> We have now developed such an extraordinary elaboration of commissions and structures and consultations that we have at best a stultification and, perhaps at worst, an ossification of the processes of decisions in government.

It is also reported that the Acting Leader of the Government was present at that retreat. Did he object to that statement of the Minister of Employment and Immigration or does he support it?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I was present at that meeting, and, as the honourable senator knows, the Liberal Party, unlike some other Canadian political parties, is a party of reform. I am sure the honourable senator rejoices with me in knowing that reform is alive and well in the Liberal Party and that at every meeting we discuss reform as an ongoing policy of the Liberal Party. Although we have made great strides, we are never satisfied and we always try to do better.

Hon. Raymond J. Perrault: That is a good non-political answer.

Senator Phillips: Honourable senators, the reply of the Acting Leader of the Government convinces me that the ossification has spread further down the line than ever. I would ask the acting leader if, in view of the statement of the Minister of Employment and Immigration, and the obvious support of the Acting Leader of the Government, we can now expect a reduction in the number of consultants employed by the various departments and the abolition of the Macdonald Commission on the Economy?

Senator Frith: Honourable senators, there are two parts to the question. First, the honourable senator's comment convinces me that, in terms of ossification of the other side, nothing has changed; secondly, I should explain that I attended all of the sessions, including the one addressed by the minister. He may have made those statements, but he did not make them to the meeting. No decisions were taken and there was no opportunity for those present to respond to the alleged comments. Regarding the honourable senator's expectation concerning commissions and consultants to the government, I assume that the government will continue its policy of obtaining the best brains available in the country at the best possible price to assist it in governing the country.

Senator Phillips: Honourable senators, in view of the Acting Leader of the Government's statement that the government was desirous of obtaining the best brains in the country, if the acting leader would take a look at the opposition in the other place, he would realize that most of the talent is there.

Senator Frith: Don't call us, we'll call you.

WESTERN GRAIN STABILIZATION ACT

PROPOSED AMENDMENT

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I wish to address a question to the Minister of State for the Canadian Wheat Board concerning the Western Grain Stabilization Act. As my honourable friend is aware, no payments have been made under that act for some time, even though the farmers are continuing to contribute as is the federal government. Moreover, there is general uneasiness when the operation of that statute is compared with the other support statutes. In eastern Canada, over the past year, money has actually been paid out to winter wheat producers, whereas that has not been possible in the west. I know the minister shares this dissatisfaction with the Western Grain Stabilization Act. Is he able to give any report to this chamber as to when we may expect to see some proposed changes in that statute?

• (1450)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I anticipate that, as announced in the Speech from the Throne, the proposed changes will appear in this session in the form of a bill, and I hope that bill will be passed. The precise nature of the changes that will be recommended is being carefully studied at ongoing meetings on the subject.

Senator Roblin: Naturally, I would like the minister to give us some details of what he has in mind, but I do not suppose he feels inclined to respond to that request this afternoon. No doubt he is aware that the Canada Grains Council has designed what it calls an insurance program that would, in effect, supplement, or perhaps even replace, the Western Grain Stabilization Act. Has that council reported on its plan to the minister or to any other member of the executive?

Senator Argue: I shall have to take the question as notice. I know that the Canada Grains Council has made some studies, but we have not reviewed this in any depth.

Senator Roblin: One of the functions of the Canada Grains Council is to make recommendations to my honourable friend as the minister in charge of the Canadian Wheat Board as well as to other ministers. I believe that the report of the Canada Grains Council on the insurance plan has been made to the minister. In that case, does the minister intend to table it in this chamber?

Senator Argue: I will be happy to do that, but I shall take the suggestion as notice and respond later.

PARLIAMENTARY SECRETARIES

SUGGESTED APPOINTMENT OF SENATORS

Hon. Jack Marshall: Honourable senators, I have a question for the Acting Leader of the Government. It deals with the

fact that on many occasions ministers are unable to be present in this chamber. I suggested last session that, to alleviate this problem, there may be merit in appointing senators as parliamentary secretaries. In light of the newly established Standing Senate Committee on Agriculture, Fisheries and Forestry, perhaps the government should appoint Senator Kirby as a parliamentary secretary so that he may answer questions on fisheries.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, that is a good suggestion and I shall take it up with the powers that be.

Hon. C. William Doody: You mean "power"—singular!

THE CABINET

STATEMENTS BY MINISTERS BEFORE ROYAL COMMISSION

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Murray on December 20, 1983 concerning whether the rule of Cabinet solidarity is suspended when ministers appear before or make submissions to the Macdonald commission.

I would like to refer you to the government's policy, which was clearly stated by Senator Austin, the first minister to appear before the commission last fall. In his presentation Senator Austin noted that, in order to assist the commission, a number of his Cabinet colleagues would make submissions to it and some ministers would have the oportunity of speaking to the commissioners directly, as he did, during that stage of its work. Their purpose in speaking to the commissioners was not to present the government's views on the complex issues referred to the commission or to advocate particular solutions or firm policy positions. Rather, they would try to assist the commission in defining the problems and challenges facing Canada, as the ministers see them in their own work.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Muir on January 16 concerning the appointment of members to the board of directors of the Cape Breton Development Corporation.

No appointments have yet been made to fill the vacancies on the board, which, I am sure, is not startling news to Senator Muir. The selection is an ongoing process which includes the participation of both the federal government and the Government of Nova Scotia.

Hon. Duff Roblin (Acting Leader of the Opposition): "Ongoing" is right—ongoing forever!

Senator Frith: Announcements will be made in due course.

Hon. Robert Muir: It has been going on for years.

Hon. Joseph-Philippe Guy: Do they appoint senators?

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Guay on January 16 concerning the Garrison diversion project.

The United States side agreed at a meeting on November 21 to seal with concrete an outlet of the Lonetree Dam which could be used to transfer Missouri River water and harmful biota to the Hudson Bay system. The two sides agreed at the meeting to establish a joint technical committee composed of senior technical representatives from the two federal governments, the Province of Manitoba and the State of North Dakota. The technical committee will deal with other Canadian technical concerns related to Phase I which were identified in a note to the United States authorities dated October 3, 1983, and will monitor construction of Phase I features. The technical committee will also function as a much needed "early warning system" to alert the Canadian government regarding technical considerations of any future project features potentially harmful to Canadian water which might be proposed as part of Phase II.

I received what I have just read last week and held on to it until I could find out whether the committee had actually been meeting recently. Government officials from both sides conferred to define the mandate and terms of reference of the committtee. Consequently, the committee met in December and is due to meet again in February.

A decision on the McClusky fish screen will be taken within three months, following further study by the joint technical committee.

CORPORATE SHAREHOLDING LIMITATION

STATUS OF LEGISLATION

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I also have a delayed answer to a question asked by Senator Roblin on January 17 regarding the status of a bill to succeed Bill S-31.

The Minister of Consumer and Corporate Affairs informs me that at this time the government has no immediate plans to introduce a successor bill to Bill S-31. As to the effective date of Bill S-31, it is clearly of no effect since the bill died on the Order Paper last session. Should similar legislation be introduced this session, it would certainly not be retroactive to November 2, 1982.

The minister wishes to make clear, however, that the issue of provincial government ownership of corporations operating in fields of federal jurisdiction is still of real concern. Similar limitations to those contained in Bill S-31 exist for broadcasting, banking, satellite telecommunication and air transport. The government remains keenly aware of the potential that companies in federal jurisdiction could be operated in other than the national interest. The problem is not likely to disappear in the future.

Until such time as the Opposition signals its intent to support measures that would protect federal jurisdiction in the field of transportation, the issue will not be elevated to a position of high priority by the government.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I am rather confused by what the minister said. As I understand what the Acting Leader of the Government just read, the government considers the subject matter of Bill S-31 to be very important but it has no intention of doing anything about the matter unless the opposition—and what they mean by "opposition" is unclear, whether it is parliamentary opposition or some other form of opposition—signals its intent. That is a curious situation. The government thinks something should be done but, if anyone says that they do not agree with it, they do not intend to proceed. Would my honourable friend like to elaborate?

Senator Frith: Honourable senators, I think that Senator Roblin's paraphrasing of the delayed answer is not exactly consistent with the statement made.

The specific answer is that a successor bill to Bill S-31 of the last session is not within the legislative planning at the present time. As the delayed answer states, "the issue of provincial government ownership of corporations operating in fields of federal jurisdiction is still of real concern." The question is not one of high priority with the government.

• (1500)

With respect to the other question, Senator Roblin and others may wish to look at the answer as it appears. I note that the answer with which I was furnished has a capital "O" for "Opposition." I assume that means the opposition in the federal parliament.

Senator Roblin: I hope this attitude is catching. I hope there are other government bills with which the opposition does not agree that the government will postpone until the opposition changes its mind. I am not sure that will ever happen; but this has been a useful precedent. I urge my honourable friend to think about this matter.

Senator Frith: Honourable senators, I am sure there has been no change with respect to the government's open-minded, open-door policy and the fact that it always gives careful consideration to the views of the opposition with regard to legislation and, generally, with respect to the governing of the country.

Senator Roblin: In this particular case it seems to be a vacant mind as opposed to an open one.

Hon. John M. Godfrey: Honourable senators, I would like to take this opportunity to point out to Senator Roblin that it was not just the opposition who were opposed to this measure. The original bill was opposed by a committee of the Senate, inclusive of government supporters who sit on that committee, including me. I must say that I was not satisfied with the amendments later proposed by the government.

Senator Roblin: My honourable friend has raised a very good point. I am sad that the statement read to us this afternoon did not include the Senate as a body to which some credit ought to be given in respect of this new policy of holding things up until the Opposition, with a capital "O", agree.

[Senator Frith.]

Senator Frith: In spite of the fact that I do not consider Senator Godfrey as capital "O" opposition, credit is certainly due to the Senate. On behalf of the government, I have no trouble in adding that the careful study given by the Senate committee to Bill S-31 was important and it played an important role in the government's decision.

Senator Godfrey: I am very loyal to the government. In fact, I am so loyal that I like to improve its legislation from time to time.

Senator Roblin: Honourable senators, I am not loyal but I, too, like to improve its legislation. It would be a good idea if more bills were introduced in the Senate in the first instance. In this way we could have a good crack at them. I am sure Senator Godfrey would not disagree with that.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, with respect to the answer given by the Acting Leader of the Government concerning Phases I and II of the Garrison project, I would like to read the answer again since I believe that Phase I is already complete. In view of the fact that the special committee held a meeting in December, could we obtain a copy of the report of that meeting? This is a matter of great interest for those of us who are from Manitoba.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with respect to Phase I the decisions have been made but the construction has not yet been completed. What is mentioned in the answer is that there will be a monitoring of the construction of Phase I.

With respect to the honourable senator's request for a copy of the report of the committee, I have no information that a report was issued. What is stated in the answer is: "Government officials from both sides"—that is, Canada and the United States—"conferred to define the mandate and terms of reference of the committee." If the committee issued a report or clarified the mandate and terms of reference, then I will try to obtain that information.

Hon. Duff Roblin (Acting Leader of the Opposition): I would like to ask my honourable friend to provide us with some supplementary information along the lines mentioned by Senator Guay. What arrangements are being made to publicize the findings or decisions of these committees? I must say that I am pleased to hear that these committees have been set up. I like the terms of reference which were read to us. I think they might go a long way towards relieving some of the anxieties; however, that is just step one. Step two will be to keep the public in the picture, particularly the public in the province of Manitoba where there is continuing widespread interest and concern with respect to this matter. Will my

honourable friend tell us how these committees intend to keep the public informed of what their decisions are?

Senator Frith: Honourable senators, I will try to obtain that information. The government treats the Garrison diversion project as an ongoing matter. I do not feel that when we give an answer that ends the matter. Senators Guay and Roblin ensure that we note it as a matter of ongoing concern. I would like to say that it is of concern to others outside of Manitoba, since it involves the question of Canada's water resources.

I am always pleased to field questions which keep the matter of the Garrison project before us. This enables me to obtain additional and ongoing information. I will endeavour to obtain the information asked for by Senators Guay and Roblin.

Senator Guay: Honourable senators, I agree with what Senator Roblin has said. I wish to emphasize the fact that we must rely upon the media to furnish us with answers to our questions. What I am endeavouring to do is obtain information from the government as soon as it is available. Surely the government receives information at approximately the same time as the media do. I would like to point out that we must read in the newspapers answers to questions which have been asked here. Never before has an answer been received by means other than reading it in the newspaper.

Senator Frith: Except for today.

Senator Guay: Yes, they are always ahead of you.

Senator Frith: I said that today you had an answer before reading it in the newspaper, as Senator Roblin has pointed out.

Senator Guay: I excuse myself, honourable senators. I should say that this is the first time I have heard about the meeting held on December 15. Perhaps I overlooked that bit of information in the newspaper. I hope that in the future we will obtain a report prior to reading about it in the newspaper. As Senator Roblin has said, it would be much better if announcements could be made by the government prior to our seeing them in the newspaper. This would benefit those people who are concerned with this particular matter.

TRANSPORT

NEWFOUNDLAND—TRANS-CANADA HIGHWAY

Hon. Jack Marshall: Honourable senators, will the Acting Leader of the Government explain why he does not have an answer to the question I asked on January 19 last with respect to the highways agreement being one of the general development agreements between the Province of Newfoundland and the federal government? I understand that the minister was in Ottawa a couple of days ago, so there must be some reply with respect to whether or not the project is going ahead.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, before we commenced our sitting today I inquired about all outstanding questions. In each case I was informed that the questions have been forwarded to the respective authorities. In the case of Senator Marshall's question, it is simply a matter of our following it up in order to obtain the information requested.

NATIONAL FILM BOARD

FILM ENTITLED "THE KID WHO COULDN'T MISS"—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Hartland de M. Molson: Honourable senators, I give notice that on Thursday next, February 2, I shall call the attention of the Senate to certain activities of the National Film Board, in particular, the film entitled, "The Kid Who Couldn't Miss."

THE SENATE

ACTING GENTLEMAN USHER OF THE BLACK ROD—FELICITATIONS ON RETURN TO DUTY AFTER ILLNESS

Hon. Royce Frith (Acting Leader of the Government): Before we proceed to Orders of the Day, I would like to call the attention of all honourable senators to the fact that our Acting Gentleman Usher of the Black Rod, Colonel Askwith, is back with us after an absence caused by his being confined to hospital for surgery. We are all very happy to have him restored to us.

• (1510)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the session.—(*Honourable Senator Murray*).

Hon. John M. Macdonald: Honourable senators, Senator Murray has asked me to inform the house that he wishes to yield to Senator Bélisle.

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

Hon. Senators: Agreed.

Hon. Rhéal Bélisle: Honourable senators, it is with great pleasure that I respond to the Speech from the Throne, and particularly to the first part of that Speech which deals with peacekeeping. In participating in the debate, I wish first to congratulate the mover and the seconder of the motion and then to compliment both the Acting Leader of the Government and the Acting Leader of the Opposition on the excellence of their performance.

Senator Bosa is known to be forceful and to the point with his views. With respect to Senator Jacques Hébert, it was a

more difficult task for him in view of the fact that it was his first contribution in this chamber.

[*Translation*]

Nevertheless, I thought he spoke like a seasoned senator. In fact, he made an excellent presentation. His speech was very interesting, and I hope he will be rising in the Senate more often.

Hon. Senators: Hear, hear!

Senator Bélisle: Honourable senators, I also wish to offer my sincere congratulations to our new Speaker, Senator Riel. I am sure that, with his legal background he will maintain in his new capacity the decorum and direction so well established and preserved by his predecessors.

I also wish to congratulate another old friend, Senator Gildas Molgat, who has become our Acting Speaker. He is superbly qualified for this task.

At the same time, we regret the departure of the Honourable Jean Marchand. His vast experience, personal charm and great courage which, I am sure, will serve him well in his new duties, will long be remembered.

All senators are anxious to have Honourable Senators Jacques Flynn and Bud Olson with us again.

[*English*]

Honourable senators, while I recognize that there does not appear to be a definite solution to all of the economic and social problems caused or intensified by the depression, I think it must be recognized that people look to government to provide solutions. Government, by taking credit for all the job-creation programs has, in the public view, accepted the responsibility of providing employment or some alternative thereto. In any event, the government must accept the fact that, in view of the present economic conditions, a massive, determined and persistent effort must be made to overcome the effects of the depression we are enduring, and particularly the fact that over 11 per cent of our workforce is unemployed.

Indeed, honourable senators, I sometimes wonder just what are the priorities of the present government, since these are difficult to determine from the Throne Speech. After mentioning the need for youth employment, for example, the Speech goes on to state that the government plans to amend the divorce laws further so that divorces can more easily be obtained. When that legislation comes before us, it will be interesting to learn what organizations, if any, are demanding this measure, or is it merely the brainchild of the minister or someone else, wishing to further weaken the concept of family life in Canada? I shall have more to say on that subject personally.

[*Translation*]

Honourable senators, further to the chapter in the Throne Speech under the heading: "Canada's Role in Seeking World Peace", I have the following comments to make. The beginning of each new year is a time for marshalling our thoughts. Like mountain climbers, we now have a chance to look around, to look back on the winding path below and also to look forward, to plan how we shall climb to the next mountain top and over the next pass. The year 1984, whose outlines are still faint, raises feelings of anxiety for Canada and the world, in all those who take the time to reflect, even if they do so in the light of eternal hope.

• (1520)

Canada's future may be in serious danger. World peace is fragile, and the Middle East is already in a state of, as yet undeclared, war. Here and there, resources for improvement, pacification and unification continue to exist. The forces of restoration and peace depend on our freedom, on the freedom of all mankind. Today, there is a precarious balance between the forces of destruction and war and the forces of pacification and freedom.

The inheritance of advanced liberalism: In past years we have emphasized the long-term risks of a policy that exhalted the individual to the detriment of the family, that introduced a host of government constraints to the detriment of free enterprise, that preferred an amoral civilization to a healthy and balanced view of man and society. Mike Pearson, one of our former Prime Ministers, who, as he said, was drifting towards a philosophy left of centre, followed the line of explicit permissiveness, a general loosening of policy and socialization according to the Swedish model, that is, achieving an egalitarian society through tax pressures. His successor, Prime Minister Pierre Trudeau, even in the face of his second set back, maintained a relatively prosperous economy although unemployment was not dealt with adequately. This kind of balance did not please Canadians at all. Those who had voted for him in 1974, believing he would restore the family, never forgave him for his ambivalent legislation, contraception for thirteen-year-old minors and abortion laws that were passed after an unprecedented use of the media. However, despite all this rhetoric, advanced liberalism never got back to left of centre. The Prime Minister's ambiguous policy towards the USSR and China did not work in favour of his re-election and was of no use to him at all in 1979. His defeat did not reflect a shift to socialism but the spite of disgruntled voters.

1983 was the year of greatest fertility of generations that used the pill and benefited from permissive laws from the age of puberty onwards. The increase in common-law marriages and the rising divorce rate has accelerated the demographic slump, while at the same time destroying the family unit. We now have 1.8 children per woman. If, as probably can be expected, we stay below that rate for any length of time—2.3 is the replacement rate—Canada will suffer irreparable harm. In several years, with austerity measures, we can get the economy back on track. We can also give freedom back to a people that was born to give freedom its Christian expression. However, if the present trend continues, we will not be able to bring back the desire to give life, the will to respect life, once there is a general abdication of moral responsibility, and the fertility rate has dropped so far and for so long.

For Canada, 1984 may be a year of very serious economic and social problems. It will not be, at least not yet, a year of political reckoning.

World peace offers a different picture. The USSR managed to put in place its SS 20's without being criticized by a single pacifist movement, either inside the country—which is not surprising—or outside the country—which makes one wonder. The pacifist movements finally got enough money for their propaganda and their media campaigns when it became clear that President Reagan would install a deterrent force, a modest one, in fact, compared to the Soviet threat, consisting of the cruise and the Pershing-2 missiles.

To understand the significance of re-establishing some kind of balance, we must remember the basic tenets of Soviet strategy. This strategy is based on a combination of a desire for absolute supremacy in the field of conventional and nuclear arms, and a policy of revolutionary wars, which are part of a stage-by-stage revolutionary progression, supported by the silent and omnipresent threat of the conventional and nuclear arms of the most powerful military force in history. As it happens, that combination represents what is called today the "indirect strategy". Unfortunately, that concept is far from being clear in the minds of a good many people, including even our leaders in government.

The "true nature" of Communism is that Lenin and then Mao came up with the concepts and the concrete techniques of subversive and revolutionary war. Subversive war exerts its influence through terrorism and propaganda, mainly to lure people into making a psychological transfer from their camp to the enemy camp. That is the kind of war we are witnessing these days in Beirut, Kuwait and London, if only to recall the incidents of the past few days. Through the assassination of a specific individual, it can also contribute to the destabilization of a country or a region. Let us imagine the consequences of three assassinations—two unsuccessful, Reagan and John Paul II, one successful, Sadat—within a few months.

Revolutionary war is different, although it does make extensive use of subversive war tactics. It is aimed at substituting a revolutionary government for a democratic government with a view to pushing the country involved from the free world into the camp of USSR satellites. Public opinion sees that as a coup d'état, at most. But that popular coup d'état is described by the Soviets and their objective allies as nothing more than an incident of internal policy. From within, such an incident would be seen as being revolutionary, but from without it could not in any way be considered as an act of war against a third country. That is what the Soviet Union imperturbably claims every time, even though it is indeed responsible—directly or through the Cubans, the Libyans or the East Germans—for organizing the "revolution" by providing money and weapons. In terms of global strategy, be it a new "step forward" or, of course, an invisible war, the Soviets take such measures while claiming that they are not doing anything wrong. Should neighbouring nations intervene with the support of the United States—remember the Island of Grenada—they are swiftly censured by the "universal conscience", including Mrs. Thatcher's. It can be seen clearly in such a case to what extent even so-called Conservative leaders have no idea of the true nature of Marxist-Leninism.

Marxist-Leninism blames those who defend themselves. A thorough analysis of these various events can be made only in the light of a unique though poorly understood concept of Marxist-Leninism: The spread of Communism in the world can be peaceful, to a considerable extent, provided those the Soviets want to conquer are made to feel guilty to the point that they refuse to defend themselves. As Clauzewits said:

> War is caused not necessarily by invasion, but by the fact that the people being invaded resist the invader.

Marxist-Leninism claims that its conquest will be a peaceful one because it will be able to convince those being invaded that by defending themselves they will be responsible for the war.

• (1530)

This is what happened in Vietnam. By touting the slogan "Peace in Vietnam" all over the world, Moscow finally succeeded in having the country left to be conquered by Giap's army, and then left to the tyranny of the Communist Party. The same happened when the USSR invaded Czechoslovakia on August 20, 1968. The Soviets blamed the counter-revolutionaries who attacked the Warsaw Pact tanks in Prague. Today, and for years, the Soviets have pointed their SS 20 missiles westward. They are organizing pacifist propaganda in the West against deployment of the Pershing-2 and the cruise missiles against their own nuclear threat.

Let me make myself clear: When the USSR builds up its arms, it is acting in the interests of peace. If in some way or another the countries of the Free World obstruct this process, they are warmongers or Fascists, hawks, provocateurs, and the rest. That is the intellectual perspective underlying everything that has been happening between the Communist camp and the rest of the world for several decades.

Another important point is that to convince the victim that he started the war in the first place by defending himself, Marxist-Leninism has developed what should be called subversive war. Terrorism is an essential element of this process.

Pacifism which has come back to us in the protest against nuclear missiles, is a mixture of passion and moral aspirations. Passion includes fear—"rather red than dead"—and hate—"U.S. go home". Moral aspirations include a desire for peace, which is entirely legitimate and inextricably linked to determined non-resistance to Communism.

The indirect strategy of the USSR can be understood if we identify every act of subversive and revolutionary warfare. It is defined by General Beaufre as "one that depends for its decision making on resources other than military victories", in his "Introduction à la stratégie," on page 96.

The game of indirect strategy is played on a world scale. To a certain extent, the battle is not on the battlefield but outside. This is something the average westerner fails to understand.

The game is to move pawns ahead throughout the world, through subversive and revolutionary warfare, while at the same time paralyzing the adversary to keep him from intervening.

General Beaufre writes:

> Procedures for dissuading from intervention run the entire range from very subtle to extremely brutal: Much will be made of respect for the legality of domestic and international law, of moral and humanitarian values, attempts will be made to give the adversary a guilty conscience in his struggle by making him doubt that his cause is just (. . .) indirect intervention will be used by sending arms, experts and volunteers (. . .) and finally, the threat of direct intervention.

This was written in 1963. General Beaufre went on to say:

> However, these procedures cannot be effective unless the military deterrent force (nuclear or conventional) constitutes a global threat that is sufficient to paralyze any reactions, and unless the general strategy is part of a strong, cohesive policy.

If we give some serious thought to what General Beaufre has to say, which is still relevant twenty years after it was written—he is not expressing an opinion; he is giving us a clear and penetrating understanding of reality—we realize that 1983 was a year of set-backs for the USSR.

The global threat is balanced. The USSR cannot have a free hand throughout the world unless its conventional or nuclear deterrent force constitutes a real global threat. Such has been the case until now. Ever since Pershing II and cruise missiles have been deployed, notwithstanding peaceful pressure tactics and broken negotiations, that global threat is losing and will lose ever more its unilateral strength. It is becoming bilateral dissuasion, something definitely more conducive to disarmament. Thanks to the presence of "stand-by" nuclear weapons, dissuasion will no longer be aimed mainly at cities, but rather at the destruction of the enemy's arsenal. The USSR now realizes that a war would mean that her might would be the target of an immediate and effective nuclear strike. In that respect, the arbitrary strength of the Soviets and their freedom of action throughout the world are curtailed indeed. In addition, by the same token the possibility of a nuclear conflict is lessened. The revolutionary advance has been checked. Ever since Mr. Reagan became President, the policy of the United States has made it possible to neutralize paralysing Communist manoeuvres. The Soviet march in Central America has come to a standstill. It was stopped in a spectacular display in Grenada. The Soviets are no longer free to do as they please in South Africa. In Angola, the pro-Soviet government can hardly retain control over one third of the country. In Mozambique, the resistance movements are gaining ground and the disappointed Soviets create famine by cutting supplies to a satellite which is slipping through their hands. Egypt, Somalia and Sudan have freed themselves. In Afghanistan, the resistance was costly, but it is growing more effective. In Poland, since the last visit of the Pope and the award of the Nobel Prize to Lech Walesa—his moral authority is even stronger than it was when Solidarity was synonymous with union victories—the misery bred by socialism grows worse each passing month and government pressure on the church is stronger. It can therefore be said that, as we enter 1984, the response of western nations to the indirect strategy of the Soviets is indeed promising on the global scene. Still it remains no less undecisive in the most sensitive spot—the Middle East.

The unremitting effort of the Syrians to take over, if not destroy, heroic Lebanon, the Israeli willingness to gamble the future of a whole nation, the Palestinian drama, the Lybian and Iranian terrorism, the war between Iraq and Iran, and the threat against the unobstructed shipping of free countries in the gulf all combined to make of that corner of the world the major unknown factor this early in 1984. Anything can happen. In fact, war has already broken out. The super powers are present and may become involved. Since they cannot agree, they are neither in a position to impose peace nor to withdraw. What will prove strongest, tragic events and blind passion or a joint political will to negotiate? The year 1984 promises to be an anxious year for Lebanon and for all countries involved in this struggle, either for or against. Much depends on an agreement between France and the United States in that part of the world.

We are starting a new year that would seem to offer a far greater challenge than previous years. The world economic situation may escalate from the problematic to the dramatic. In the Middle East, there is a chance that a sizable conflict could become widespread. Taking the worst scenario, although not the most likely one, such a conflict might become worldwide through the involvement of the two superpowers.

At the same time, the socialist object lesson is bearing fruit. The rejection process is more serious, more widespread and more profound than the one that followed the liberalism of the seventies. At the international level, the power of the Soviets is being restricted. Revolutionary advances on various continents are now being contained. The vast majority of mankind lives and dies without God and without religion. Today, the very existence of mankind is at stake.

This century is one of the bloodiest in history. For the first time, the world has the means to destroy itself. We find more or less the same message in the introduction to the Throne Speech:

> Violence stalks many lands. The resort to force is a daily occurrence. The nuclear threat preys upon the hopes and dreams of every man and woman on the planet. The pursuit of peace must be the paramount goal of mankind.

Mr. Trudeau continues his long pilgrimage throughout the world. "For peace and virtue", nobody openly levels reproaches. All countries, at least in their official statements, favour peace. However, the moment peace has to be defined and means to achieve it have to be found, strong dissensions appear. Mr. Trudeau has been witness to those dissensions everywhere. On behalf of poor countries, Mrs. Indira Ghandi has rejected any bargaining between those who have nothing and those who have everything. The small nuclear powers—China, England and France—feel it is ridiculous to talk about reducing their arsenal since it amounts to precious little when compared with that of the superpowers.

• (1540)

Always the polite neighbour, Mr. Reagan welcomed Mr. Trudeau on December 15. Being a charming host, he did support the efforts of the Canadian Prime Minister, but he sees no point in holding a summit which nobody wants. As to the USSR, what with the mystery surrounding Andropov, they finally wrote him a letter suggesting that the meeting be put off. How can anyone think that the Soviet leaders would attend a summit now that they are leaving all negotiation tables? Mr. Trudeau's answer is that the situation is so precarious that everything must be done to resume the dialogue.

The credentials of the witness? Mr. Trudeau is nearing the end of a career which, in some respects, has been glorious. In a free world where politicians have short-lived careers . . .

[*English*]

Hon. Royce Frith (Acting Leader of the Government): Do you know something that we don't know?

Hon. Duff Roblin (Acting Leader of the Opposition): Present tense.

[*Translation*]

Senator Bélisle: If the Acting Leader of the Government will be patient for a few minutes, he will have the answer!

In a free world where politicians have short-lived careers, he has now been Prime Minister for nearly 15 years. And yet, as he begins this peace mission, his popularity has sunk to a new low in Canada. The economic crisis has severely shaken the social democrat concept which has always been his source of inspiration. He has always been a strong advocate of open dialogue with the Communist world—and President Carter saw eye to eye with him—but that has not prevented the Soviets from gaining ground in many countries of the world.

Honourable senators, can a witness have moral weight in the world when he has lost most of his prestige at home? Just what is it that motivates this pilgrim who, all of a sudden, tries to swim against a strong current? What are his objectives, what are his means?

However sincere and worthy his objectives, they seem to be blemished by end-of-career opportunism. This very difficult situation calls for patience and perseverance. It has been said that the Soviets are waiting to know whether President Reagan will run again, or even whether he will be re-elected. They will have to wait for a year, but Mr. Trudeau can wait no longer. He needs an international achievement, either to shore up his reputation at home or to bask in glory at the end of his career. Many men who still view themselves as eccentric intellectuals juggling with politics are eager to leave their mark on history. It is really difficult to find total selflessness in such men. Their objectives have either a political or a personal dimension.

What means do they use? The only one to be perfectly well identified is the fear of a nuclear conflict. This threat is horrendous as no one has any comprehensive idea of the results of such a conflict. However, would a weakening of the western world to the point of opening the door still wider to Soviet domination be a step towards peace? What kind of peace can many expect for the year 2000? Is preserving our freedom for a return to economic prosperity a meaningful objective? Is it even desirable?

Is Mr. Trudeau's pilgrimage completely useless? If it does help to delay by a few hours, a few months or a few years a nuclear catastrophe, it will already have been enormously successful, at least in appearance. However, a delay or a hope of freedom can never be an end by itself. In God's plan, freedom is a prerequisite for love. We are given freedom the better to serve man. If it is true that man is faced with two threats, any action which makes man more powerless in the face of power, anything which promotes the progress of totalitarianism, is not a peace gesture, but the triumph of war against man. This is why the apparent virtue of pacifism is a false one which promotes the reverse of the proposed objective. It has indeed been proven that it is manipulated everywhere by the Marxist ideology. Mr. Trudeau is not such a pacifist. He wants bilateral disarmament. But, honourable senators, what will incite Communism toward disarmament?

Whatever Mr. Trudeau's intentions, it must be recognized that this new stage of his peace mission is being met by scepticism and great indifference in Europe. The Davos incident in Switzerland last weekend will go on provoking a lot of comments. The words addressed by Mr. Trudeau to Mr. Kenneth Dam, the American Assistant Under-Secretary of State and the former French Prime Minister, Mr. Raymond Barre, have considerably weakened and seem to discredit Mr. Trudeau as an impartial pilgrim.

If the preservation of our freedom simply promotes the other threat against man, namely "money which corrupts man from within," it does not constitute an effective action for peace either, as man, corrupted from within, can only be a source of conflict with others. The delay and the freedom which Mr. Trudeau could preserve have meaning only if the space thus created is taken by a substantial spiritual movement.

If I sometimes support Mr. Reagan's firmness, it is not because I see any answer in an American-style materialism. The firmness of the United States and the allied nations is an essential rampart against totalitarianism. However, like Solzhenitzyn, I am firmly convinced that Communism will be defeated from within, by the moral strength of those who suffer oppression, as the threat of money which corrupts man from within in the western world will be defeated by the return of men to Jesus the Saviour.

Hon. Philip Deane Gigantes: Before replying to Senator Bélisle, who has made some quite surprising comments which do not correspond to strategic and military facts either numerically or logically, I would like to thank the Acting Leader of the Opposition, who is now leaving the chamber.

[*English*]

I should like to say some nice things to Senator Roblin, who kindly suggested that some of us who had been appointed two weeks ago should move over and join him. If he were alone in the Conservative Party, one would find that an easy thing to do, indeed. He has always been a remarkably liberal man in

his thinking and in his sentiments. I only wish that he were Leader of the Conservative Party in Manitoba right now so that we would not have the ugliness there that is generated by members of a party which once was graced by Senator Roblin but which, alas, he no longer leads.

● (1550)

[*Translation*]

Senator Bélisle refers to the Davos incident. He should blame Mr. Reagan. In October 1981, Mr. Reagan suggested a nuclear war could break out in Europe without Washington starting a world war. Mr. Trudeau only quoted the President of the United States. At that time, the Europeans were shocked the same way they are now.

What is Mr. Trudeau suggesting to Mr. Kenneth Dam? The Prime Minister told Mr. Dam he cannot flatly state armaments are being reduced when they are being replaced by much more efficient and dangerous ones. The Commander of NATO, the American General Rogers, in a number of statements mentioned that he boasted constantly of replacing old weapons by new, much more efficient ones. In fact, the nuclear warheads that were withdrawn from Europe—there were 32,000 in 1964, as against 25,000 now—were obsolete and inadequate. They were replaced by much more precise warheads, which are capable of reaching their targets more easily and are a much greater menace to the U.S.S.R.

Mr. Trudeau is only repeating the evidence as already stated by the Americans themselves. I cannot understand why Senator Bélisle and the opposition members in the other place so bitterly opposed the Prime Minister's comments. He only told the truth.

We have reached a point which Mr. Kissinger described as absurd. Mr. Kissinger, the former Republican Secretary of State of the United States, indicated that the number of nuclear weapons is now so great that they defy logic. I will quote you some figures.

[*English*]

The Soviet Union now has a sufficient supply of nuclear warheads to create 352,761 Hiroshimas. The Americans have only 135,700 such warheads. "Russian superiority"—it is nonsense to speak in terms of superiority or in terms of balance. We are talking about exploding the planet several times over. It only needs to be done once in order to annihilate mankind.

Mr. Trudeau has been arguing that it would be a good idea for the five nuclear powers to meet. One of the things he wants to demonstrate in such a meeting is the principle of sufficient deterrence followed by the British, the French and the Chinese. Those three nations have enough deterrents to destroy twice over the major cities of the Soviet Union. The Soviet Union has enough nuclear weaponry to destroy, several times over, all of the cities of the United States. Using its submarine borne missiles alone, the Soviet Union can destroy, 50 times over, every city in the United States with a population of over 10,000. The United States, with its submarines, can do exactly the same thing to the Soviet Union. Fifty times over is 49 times too many, in terms of deterrence.

[Senator Gigantes.]

Honourable senators, it is dangerous to have so much weaponry. It leads to the development of nasty things—the genie is coming out of the bottle. Our scientists are developing weapons which are more frightening than anything ever seen before. In 1982, Novosti, a Soviet news agency, stated that, if the west installs Cruise and Pershing missiles in Europe, the Soviet Union will launch on warning. That is, the minute some shadows appear on Soviet radar screens indicating, perhaps, that missiles are on their way, the conflagration will begin.

I do not believe they would do that, but they might be tempted. They might be scared enough to do it. Some drunken Soviet officer might have a problem of alcoholism. Some mad Soviet officer, or indeed some mad American officer, might be tempted to press the button upon seeing something on the electronic screen; and the terrifying thing is that on many occasions there have been such false alarms on our electronic screens. There was an occasion when a Canadian officer, in Colorado, was in charge of NORAD and the screens showed what appeared to be a Soviet missile launched against North America. The Canadian was cool enough to ask a question: "Can the CIA tell me where Mr. Khrushchev is?" The CIA replied, "He is sunning himself on the shores of the Black Sea," and the Canadian officer said, "Well, then it is not a nuclear war. There is something wrong with the radar." He was right.

● (1600)

But it is a dangerous situation. It is all the more dangerous when the two superpowers stop talking to one another; when all the diplomatic reports received, not only by our country but by the Americans, the French and the Germans, are to the effect that the Russians are battening down the hatches and saying, "You can't talk to Reagan; he will get re-elected. So forget any negotiation until 1989".

This is lovely for the generals, because, just as there are surgeons who operate too much because it is their trade and they like it, so, too, there are generals who dream of war, who think that war is something they would be interested in practising. They talk of a winnable nuclear war.

Mr. Teller, the father of the hydrogen bomb, said the other day that we should be building shelters, because, if we had them, only 50 million Americans would be killed. I repeat, only 50 million Americans would be killed. I say that the death of 50 million people should be and is sufficient deterrence; but the instrument of deterrence we need—this mutual fear, this holding by each of us of a faulty weapon which, if we fire it, will explode and kill us, too—is a very dangerous exercise. We are talking of coming generations. Reference was made to the fact that only 1.8 children per family are being begotten in our country. But there will not be any, if there are no survivors, and, if there are any survivors, even among those 50 million, the children they beget will be deformed.

Let us get back to what Mr. Trudeau said. What he said was the truth, and it is essentially truthful to say that it is doubtful whether a U.S. President, if he sees an attack launched against Europe, will decide that his country will commit suicide by launching an all-out war. I ask you, Senator

Bélisle, if you were an American President, would you want 240 million Americans to commit suicide in order to save West Germany? That is what we are talking about. It would not even be a case of saving West Germany. Germany by then would be obliterated, even if the war were purely conventional. The Soviet Union has 42,000 pieces of heavy artillery, 37,000 tanks, and 21,000 bombers. Each of those figures is at least triple its counterpart in NATO. Those engines of war are armed with new bombs, which pack in each ounce of their weight several times the destructive power of World War II weapons.

I was in World War II and I saw what that did. There would be nothing left of Western Europe, if a conventional war were fought there. So, senator, let us assume that you are the American President, that you are sitting in your bunker deep under the earth, and you ask, "Shall I also kill my own people?" I would ask another question. Do you suppose that the Germans are not thinking about it and discussing it? Are we fooling the Russians by not discussing it? Mr. Barre is the most mystifying one of all. I can understand a member of the other place, an opposition critic on matters dealing with External Affairs, speaking outside Parliament and saying that Mr. Trudeau should not say such things in case the Kremlin hears him. That member is not very well versed in foreign affairs.

An Hon. Senator: Oh, oh!

Senator Gigantes: He has always had some excessive habits. As a journalist, I have observed him speaking. He has a drive for the jugular which makes him forget logic. But Mr. Barre, the former Prime Minister of France and a Gaullist, was one who always backed the French deterrent force. Why did the French want a deterrent force if they trusted the American protective umbrella? Why did the British? Are they fools to spend all that money for no reason at all? No. They reasoned that, faced with a choice between asking his people to commit suicide and not defend Europe, an American President might say, "I will not defend Europe." That is why Britain and France built their deterrent forces—and also China. They represent minimal deterrent forces, only enough to dissuade the Soviet Union from attacking.

So we are not to discuss this? We are not to discuss the fact of the French deterrent force and the English deterrent force, which are illustrations of what Mr. Trudeau was saying? So that the Russians will not understand what we are up to? They are not idiots. One could say all kinds of things about the evils of communism, but the Russians are not idiots. Regarding the evil of communism, I am second to none in believing that communism is harmful. I was their prisoner for three years. They tortured me. I do not like them. I would rather die than live under communism. Nevertheless, they are there. We cannot kill them, eliminate them, destroy them, because in so doing we would destroy ourselves. We have to reach some accommodation with them. We have reached the stage of mutual terror and Mr. Trudeau is saying that is not satisfactory, that there could be a mistake, an accident. There could be an error. There could be madness on the part of a Soviet submarine commander, who fires his missiles. They reach the United States, they hit some U.S. cities, and the U.S. ripostes—and the earth is finished, and we are all dead!

Regarding the credibility of the Prime Minister, I suggest that it is irrelevant to talk about the credibility of anyone who wants to argue that we must discuss methods of reducing the great danger facing the survival of mankind, the survival of the planet Earth itself. Only the cockroaches and the rats might live after us. I believe it is sinful to discuss the credibility of someone who is saying, "Please let us find some way of moving back from mutual terror as being our only protection for peace."

Senator Bélisle: Honourable senators, I am fully aware of the rules. The Acting Leader of the Government gestured towards Senator Muir. If there are questions, I am prepared to answer them, but in doing so I would be making a second speech.

Senator Frith: Honourable senators, I did not mean to cut off Senator Bélisle. I merely thought that Senator Muir was about to adjourn the debate, and I simply gestured towards him. If there were some profit in having an exchange between Senator Bélisle and Senator Gigantes, there would be no objection to Senator Bélisle's saying something further.

On motion of Senator Muir, debate adjourned.

The Senate adjourned until Thursday, February 2, 1984, at 2 p.m.

APPENDIX

(*See p. 113*)

SENATE REFORM

REPORT OF SPECIAL JOINT COMMITTEE

Tuesday, January 31, 1984

The Special Joint Committee of the Senate and of the House of Commons on Senate Reform which was authorized to hear evidence and to consider ways by which the Senate of Canada could be reformed has, in obedience to its Order of Reference of December 8, 1983, the honour to table its Report.

Respectfully submitted,

GILDAS MOLGAT
Joint Chairman

SPECIAL JOINT COMMITTEE ON SENATE REFORM

MEMBERS

The Honourable Gildas Molgat, Senator, *Joint Chairman*

The Honourable Paul Cosgrove, P.C., Q.C., M.P., *Joint Chairman*

and

Martial Asselin, P.C., Senator
Roland Comtois, M.P.
Howard Crosby, M.P.
William Doody, Senator
Gaston Gourde, M.P.
Maurice Harquail, M.P.
Bill Jarvis, P.C., M.P.
Fernand Leblanc, Senator
Jean Le Moyne, Senator
Derek Lewis, Senator
Paul Lucier, Senator
Rod Murphy, M.P.
Arthur Portelance, M.P.
Marcel Roy, M.P.
Blaine Thacker, M.P.
Arthur Tremblay, Senator

OTHER SENATORS AND MEMBERS OF THE HOUSE OF COMMONS WHO SERVED ON THE COMMITTEE

Margaret Anderson, Senator
Harvie Andre, M.P.
James Balfour, Senator
Martha Bielish, Senator
Peter Bosa, Senator
Herb Breau, M.P.
Coline Campbell, M.P.
David Collenette, P.C., M.P.
Ernest Cottreau, Senator
Jean-Guy Dubois, M.P.
Jake Epp, P.C., M.P.
Joseph Guay, P.C., Senator
Earl Hastings, Senator
Jacques Hébert, Senator
Henry Hicks, Senator
Leonard Hopkins, M.P.
Renaude Lapointe, P.C., Senator
Al MacBain, M.P.
Roy MacLaren, P.C., M.P.
Lorne McCuish, M.P.
Charles McElman, Senator
Ray Perrault, P.C., Senator
William Petten, Senator
Richard Stanbury, Senator
David Steuart, Senator
Norbert Thériault, Senator

ACKNOWLEDGEMENTS

In the course of its deliberations, the Committee received valuable assistance from many sources.

We first thank the individuals and organizations who appeared as witnesses in Ottawa or in the twelve other cities that the Committee visited. Since part of our mandate was to report on ways in which the Senate could be reformed in order to strengthen its role in representing people from all regions of Canada, we benefited particularly from the views we received during the public and private meetings held in the provincial and territorial capitals. We would also like to express special appreciation for the courtesies extended to us by provincial and territorial governments.

In addition to the views expressed to us orally, of equal benefit were the many letters, briefs and submissions sent to us by individuals as well as groups.

The Committee also wishes to acknowledge the contribution of the Senators and members of the House of Commons who participated in the work of the Committee. Our express thanks are extended to the previous Joint Chairman from the House of Commons, the Honourable Roy MacLaren, who was appointed to the Cabinet in August 1983 and subsequently resigned from the Committee.

We wish to thank our Joint Clerks, Paul Belisle from the Senate and Maija Adamsons from the House of Commons who managed the administrative, financial and logistical aspects of the Committee's work.

An equally important arm of the central staff was the research team, which comprised people from both the Parliamentary Centre for Foreign Affairs and Foreign Trade and the Research Branch, Library of Parliament. John Hayes, as Director of Research from the Centre, co-ordinated the efforts of the team with respect to the preparation of background papers, the analysis of evidence and the drafting of the report. With the collaboration of Messrs. Louis Massicotte, Bruce Carson and John Terry from the Research Branch, Library of Parliament, the research team provided professional expertise to the Committee. Peter Dobell of the Centre, as Study Director, contributed invaluably during the report-writing stage of the Committee's work.

Finally, the Committee would like to thank the staff of the Senate and House of Commons Committees Directorates, the Translation Bureau of the Secretary of State Department, the Canadian Government Printing Office, and the other services of the Senate and of the House of Commons whose contributions were of unique importance in assisting the Committee in carrying out its mandate.

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CHAPTER 1

The Committee's Conclusions

We have concluded that the Canadian Senate should be elected directly by the people of Canada.

An appointed Senate no longer meets the needs of the Canadian federation. An elected Senate is the only kind of Senate that can adequately fill what we think should be its principal role — the role of regional representation. We propose a Senate different in composition and function from the House of Commons and from the present Senate. The second chamber we recommend is designed specifically — by its distribution of seats, by the way it is elected, and by the powers it exercises — to represent the sometimes diverse interests of the people of Canada's provinces and territories in federal legislation and federal policies.

In fulfilling that role, an elected Senate would strengthen the authority of Parliament to speak and act on behalf of Canadians in all parts of the country.

We reached this conclusion after reviewing the work of previous inquiries into the question of Senate reform and after hearing the testimony of witnesses in all provincial and territorial capitals. We also benefited from the advice contained in the more than 280 briefs submitted to the Committee. We were told frequently that, after so many abortive attempts at Senate reform, the time has come for vigorous action — for fundamental change in the Senate — and that it would be a mistake to adopt inconsequential reforms.

Our conclusion was not reached lightly or easily. Although a substantial part of the testimony we heard favoured direct election, a roughly equal part opposed it, mainly on the grounds that a parliament with two elected houses cannot be reconciled comfortably with the principle of responsible government as it has operated in the British and Canadian traditions. Some highly respected people in public life and in the academic community prefer a reformed system of appointment to election. Among this group is one member of our Committee.

Although a reformed appointed Senate could bring about some needed improvements, we are persuaded that it would lack the political mandate to fill what we believe is the Senate's primary role. Only a politically strong second chamber can dispute, when necessary, the decisions taken by a government that is supported by the House of Commons. Therefore only an elected Senate can satisfy the original intent of the fathers of Confederation: the provision of a chamber that would balance judiciously the power of the Commons (which is based on representation by population) by safeguarding the legitimate interests of the people of the less populous provinces.

In proposing an elected Senate we are rejecting not only a reformed system of appointment, but also certain other proposals that have been made in recent years. One of these is abolition of the Senate. It is a course of action that from time to time has appealed to some Canadians, and it is the preference of one member of our Committee. However, the weight of the testimony brought before the Committee was overwhelmingly opposed to abolition.

Another option we reject is the creation of a legislative chamber composed wholly or in large part of delegates of provincial governments acting under the instructions of those governments. Proposals for such a chamber are usually inspired by the German Federal Council, the *Bundesrat*. A *Bundesrat* is appropriate for Germany, where the *Länder* (the German provinces) have relatively little legislative and financial autonomy compared with Canadian provinces and where institutionalized co-ordination of federal and *Land* activities is made virtually mandatory by the fact that the *Länder* are heavily involved in administering federal legislation. The Canadian federal system is quite different, and a *Bundesrat*-type chamber could lead to serious problems. We share the view, contained in the 1980 report of the sub-committee of the Standing Senate Committee on Legal and Constitutional Affairs (the Lamontagne Report), that such a chamber would subordinate, in an inappropriate way, the federal legislature to the executive branch of the provincial order of government. It would, in the words of that report, make the federal Parliament a hybrid amounting to a monstrosity.

Nor do we consider that a system of 'indirect' election — the election of senators by members of Parliament or of the provincial legislatures — would result in any significant change in the role and political authority of the present Senate.

It has been pointed out to us that only a few years ago many people were recommending a *Bundesrat*-type Senate, and some have asked whether direct election is a fad, a passing interest that will fade as quickly as did interest in the *Bundesrat*. To respond, as one journalist has, that "democracy is never a fad" is perhaps too simplistic, but there is truth in that response. It seems to us that direct election is the proper path for Canada's long-term political and constitutional development.

Many witnesses who favoured an elected Senate were quick to point out that embracing the principle of direct election is only the first, although an important, step. It is also necessary to decide what kind of elected Senate would best suit Canada's parliamentary system of responsible government. We must also confront the difficult question of how to distribute among the provinces and territories the appropriate number of seats in such a politically powerful body.

We believe that Canada should establish an elected Senate designed in such a way that it would not be vying continually for supremacy with the House of Commons: it should have significant powers, but it should not be able to undermine Canada's well-tried system of responsible government. We

therefore propose that the new Senate be given only a suspensive veto, which would allow time for national debate and reflection, but which the Commons could, after a suitable lapse of time, override by re-passing the legislation in question.

We also propose that every effort be made to ensure that senators have a significant degree of independence of party. Only then will they be able to speak in favour of local and regional interests without having to be concerned primarily, as members of Parliament must be, with adhering to party policy. A healthy measure of independence is therefore essential if the Senate is to fill its role of regional representation. This does not mean that senators would lose sight of the needs of the country as a whole.

It is for this reason, and also to distinguish senators from members of the House of Commons, we propose that senators be elected for a single but comparatively long term — nine years — with one-third of the senators being elected every three years. To lessen party influence in the choice of senators, all but one of us prefer 'first-past-the-post' elections in single-member constituencies to proportional representation in multi-member constituencies. Each province would be divided into as many constituencies as it had senators.

We recognize that, in the absence of proportional representation for an elected Senate, the political parties will have to work hard to achieve balanced representation from across the country in the Commons and the Senate. This is as it should be. In striving to do this, they will have to adapt their policies accordingly, and this can only benefit national politics.

On the question of the distribution of seats, the Committee was advised by nearly all witnesses across Canada that the division should be made not on the basis of the present four Senate regions but by allocating seats to each province and territory. We accept that this kind of allocation reflects more closely the diverse nature of Canada.

As to how many seats should be allocated to each province or territory, we recognize that there is no perfect solution. We believe that giving an equal number of seats to each province would not be appropriate, having regard to Canada's historical development and the configuration of its population. If each province had the same number of seats, five provinces with as little as 13.4 per cent of Canada's population would have a majority of seats if they had the support of the territories.

While the less populous provinces merit a stronger voice in Parliament, equal representation in the Senate would tilt the balance too far and would be unacceptable to the vast majority of Canadians, not only to those living in the two largest provinces. We therefore propose a compromise whereby most provinces would have an equal number of seats, but Ontario and Quebec would have more and Prince Edward Island and the territories would have fewer. Our proposal would, for example, give the four western provinces together as many seats as Ontario and Quebec jointly. We believe that most Canadians would agree that our proposed distribution, or something close to it, represents a fair solution.

One of the original purposes of the Senate, and indeed, of the federation itself, in 1867 was to help protect Canada's French-speaking minority. Today, that purpose can best be achieved by an elected Senate with a special voting procedure. We are therefore proposing that measures having linguistic significance be approved only by a double majority: that is, by a majority of francophone senators and by a majority of all senators. If such measures failed to be approved by the double majority, they would not become law, and Senate rejection of them could not be set aside by the House of Commons. For these measures, and for them alone, the Senate would have an absolute veto.

As we explain in the report, our proposals for the design of an elected Senate are interdependent, and it is important that they be considered together. These proposals contain some novel features and will require public discussion. To put in place any kind of elected Senate will require federal-provincial negotiation and subsequent constitutional amendment. As regards that process, some witnesses from Quebec and some members of the Committee suggested that so far-reaching a change as the introduction of an elected Senate should not be implemented without the agreement of the National Assembly of Quebec. All this will take time. Meanwhile, certain reforms to the present Senate should be made now.

These reforms are set out in detail in our report. They are designed to be consistent with an elected Senate, into which we hope the present Senate will evolve, and to help prepare the way for it. For a couple of members of our Committee, who believe that an elected Senate should be introduced only after a lengthy period of public discussion, these reforms are of particular importance. The reforms include the introduction of a fixed term for future appointments, the more flexible use of the Senate's powers in a way that could give the chamber a suspensive veto, and increased use of investigative committees. The implementation of these reforms will provide a basis for assessing how much more effective an appointed Senate would be and could confirm whether the Committee is justified in its judgement that the election of senators is necessary.

Some witnesses said that reforms are needed in other institutions, such as the House of Commons and the Supreme Court. Our terms of reference do not allow us to comment on those suggestions. We should say, however, that the reforms we propose for the Senate do not preclude and need not delay any desirable reforms in other institutions.

It is our conviction that an elected Senate along the lines we propose would strengthen Parliament and make a significant contribution to easing some of the tensions that have troubled our country in the last decade. We believe that our conclusions on these important matters merit consideration by the federal and provincial governments and by all those who are concerned about our national well-being and the effectiveness of our political institutions.

We urge the government to implement our recommendations as soon as practicable and request, pursuant to Standing Order 69(13), a comprehensive response to this report.

CHAPTER 2

The Committee's Hearings and Discussions

On December 20, 1982, the Senate adopted a motion establishing a Special Joint Committee "to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country". The Committee's report was to include recommendations concerning the method of selection and length of term of senators, the powers of the Senate, the distribution of seats, and other matters that the Committee considered relevant to the reform of the Senate. An identical motion was adopted in the House of Commons on December 22, 1982.

On April 21, 1983 the two houses of Parliament appointed 8 senators and 10 members of the House of Commons to the Committee. The Committee convened for the first time on April 28 and elected the Honourable Senator Gildas L. Molgat and Mr. Roy MacLaren, MP as joint chairmen. Mr. MacLaren was appointed to the Cabinet on August 13, and the Honourable Paul Cosgrove, P.C. was elected to replace him on September 20. Following the prorogation of Parliament on November 30, the Committee was reconstituted in the Senate on December 8 and in the Commons on December 13.

The Committee was able to draw on the experience of a number of its members who had worked with the special joint committees on the Canadian Constitution that sat in 1970-72, 1978 and 1980-81, with the Special Senate Committee on the Constitution (1978-79), and with the Senate sub-committee on Certain Aspects of the Constitution (1980). Some members had also had experience at the provincial level while others had been federal Cabinet ministers.

As an initial step, we reviewed past proposals for reform. Numerous reports or bills have dealt with aspects of this issue since 1968. We were able to benefit from the thought that has been given to the subject by the federal government and by the governments of British Columbia, Alberta and other provinces. Senate reform has also been the focus of various parliamentary committees, the Task Force on Canadian Unity, the Ontario Advisory Committee on Confederation, the Constitutional Committee of the Quebec Liberal Party, and the Canada West Foundation. In addition, a number of MPs have tabled bills on the subject. We also considered the discussion paper on Senate reform submitted on June 16, 1983 by the Minister of Justice.

The activities of the Committee were divided into three stages. From May 31 to June 29, hearings were held in Ottawa to obtain the views of parliamentarians — notably senators — and university professors. The hearings gave Committee members an opportunity to familiarize themselves with the issue and the proposed solutions. All federal parliamentarians had previously been invited to share their views on Senate reform with the Committee.

The Committee was empowered to travel within Canada. We decided to hold hearings across the country for two principal reasons. We felt it was important to learn how Canadians in general felt about an undertaking designed to produce a Senate in which all regions of the country would be truly represented. Second, the *Constitution Act, 1982* stipulates that certain changes to the Senate require not only the consent of both federal houses, but also that of the legislatures of seven provinces with at least 50 per cent of the country's population. We deemed it advisable to hear testimony from provincial political figures in their own provinces. At the outset of our inquiry, we wrote to all premiers and to the leaders of the elected executives in Yukon and the Northwest Territories, informing them of our mandate and inviting them to present their views either in public or in private. We also wrote to the leaders of opposition parties represented in the provincial and territorial legislatures.

During September and October, the second stage of our activities, public hearings were held in the capital cities of each province and territory as well as in Ottawa. The schedule of meetings held outside the national capital was flexible enough to give to the general public an opportunity to appear before the Committee and discuss the issue with parliamentarians. Private meetings were held with a number of provincial premiers and ministers. The Leader of the elected executive of the Northwest Territories appeared publicly as a witness.

During these two stages, we heard testimony from 119 witnesses, including 30 organizations (see Appendix B). Some 280 Canadians submitted written briefs or letters (see Appendix C). We were impressed with the high quality of the opinions presented and with the interesting proposals submitted, and we are grateful to all Canadians who took the time to share their views with us.

The third and final phase of our work took place *in camera*. During 14 such sessions the Committee reviewed the evidence and examined various options, weighing them against the objectives contained in our orders of reference. These deliberations led to the conclusions and recommendations in this report.

CHAPTER 3

The Arguments for Senate Reform

In this chapter we describe the arguments that have been made for reforming the Senate. These arguments spring from a belief that, in one way or another, the Senate has not filled its role adequately. It is therefore appropriate to look first at the role originally intended for it and at the evolution of that role.

The original purpose of the Senate

The Senate was created in 1867 to fill not one but two major roles in the new federation. One was to protect and represent, so far as federal legislation was concerned, what Sir John A. Macdonald called "sectional interests".

Sectional interests include those interests peculiar to a region or to a linguistic or religious group. In this report we use the more familiar term 'regional interests'. The other major role was to help ensure political stability by acting as a counterweight to the popularly elected House of Commons. These two roles were to be carried out by the exercise of 'sober second thought' in the review of legislation emanating from the lower house — a house that drew its mandate from election based on population, although in those days the franchise was restricted.

As the powers of the national government in the federal system were to be relatively large, the Senate's check on the use of those powers was to be comparatively strong. The second chamber was given powers equal to those of the House of Commons except with regard to money bills.

The role of protecting and representing regional interests was reflected in the structure of the Senate. An equal voice was given to each of the three Senate divisions (or regions, as they have come to be called): Ontario, Quebec, and the Maritime provinces. Each of the three regions — to which a western region was added later — had an equal number of seats, regardless of the size of its population. This meant that both the less populous provinces and the predominantly French-speaking province of Quebec were to be given some protection against the wishes of a simple majority of Canada's population, as represented by the decisions of the House of Commons. Historians say that without this protection there would have been no federation. As George Brown, a prominent father of Confederation from Upper Canada, said: "Our Lower Canada friends have agreed to give us representation by population in the lower house, on the express condition that they could have equality in the upper house. On no other condition could we have advanced a step."

At the same time, it is our understanding that there was also a concern to ensure representation for the English-speaking minority in Quebec. This group, already protected in the Quebec Legislative Assembly by section 80 of the *Constitution Act, 1867*, received additional protection in the Senate. Each of the 24 senators for that province was to represent one of the 24 electoral divisions of Lower Canada and was to reside or own property there. Because of the way the anglophone and francophone populations were distributed within the province, this helped to ensure that some Quebec senators would be English-speaking.

The Senate's other role — acting as a counterweight to the popularly elected House of Commons — was reflected in the way senators were chosen. They were to be appointed rather than elected, and only from among those citizens who were at least 30 years of age and who possessed property worth at least $4,000.

Implicit, therefore, in the role of the Senate were the representation and protection of several minorities: the people of the less populous provinces, the French- or English-speaking people of Quebec, and people with property.

The evolution of the Senate's role

The most important development affecting the role of the Senate since 1867 has been the gradual change in public attitudes, not only in Canada but worldwide, toward appointed or indirectly elected legislative bodies. The resulting loss of political authority meant first that the Senate's use of its so-called absolute veto over federal legislation came to be resented and, subsequently, that the Senate was no longer prepared to use its powers except on rare occasions. The last bill to be rejected by the Senate was a 1961 government bill to change the *Customs Act*, although the Senate has successfully amended a number of bills since then. One important consequence of this development was that senators could no longer act as politically powerful representatives of regional interests. The Senate's role therefore evolved toward one that complemented rather than competed with the popularly elected House of Commons. Its principal functions are now improving legislation and investigating questions of public policy.

The arguments for Senate reform

Criticisms have been directed at the Senate for some years. They include the partisan nature of some Senate appointments; the poor attendance of some senators; the underrepresentation of women, aboriginal peoples and ethnic groups; the numerous Senate vacancies that are allowed to continue unfilled; the lack of balance in the number of senators affiliated with the different parties; the constraints that party discipline imposes on the independence of senators; and the fact that the present distribution of seats does not reflect the growth of western Canada's population. It is argued that all these deficiencies have seriously hindered the effective functioning of the Senate.

However, the more recent arguments for Senate reform — notably those made to our Committee — have focused on achieving one of the original goals of the Senate: the protection and representation of regional interests. These arguments spring from a belief that Parliament needs a chamber that represents those interests with more political authority than can be achieved with a Senate appointed in the present way.

Witnesses suggested that this concern has its foundations in the emergence in Canada of regional pressures which, while they are not new, have become particularly acute. The intensification of Quebec's persisting concern with its autonomy has been one of the principal elements behind these pressures. Another has been the developing consciousness in the West of its growing strength. It is the perception of many people who live in the western provinces, and of some who live in the eastern provinces, that their views are not given sufficient weight in the decisions of the national government.

The principal complaint the Committee encountered was that federal institutions as they are now constructed are unable to express and mediate regional concerns. Although the Senate was originally designed to give the regions a weighted voice in Parliament's decisions, it is argued that this does not happen. Witnesses pointed out that regional interests are now forced to

seek outlets through other means, often through provincial governments, and that this has helped to bedevil federal-provincial relations.

Those who argue for Senate reform, or for the reform of the House of Commons, say that institutional change can help the Canadian political system adapt to the new regional pressures. They do not argue that such change would solve all regional problems falling within federal competence. Rather the purpose would be to provide a better framework within which regional differences can be represented, debated and reconciled — a framework that gives the people of all provinces and territories a feeling that their views are given proper weight.

We were urged by almost all witnesses to ensure that our recommendations preserve and reinforce the capacity of the Senate to carry out those functions at which it has been most successful — improving legislation and investigating issues of public policy. It is universally acknowledged that the Senate makes a useful contribution to the work of Parliament in carrying out these functions. With reference to both private and public bills, the Senate holds public committee hearings that are especially effective because the Senate has members with specialized knowledge and considerable experience and who are for the most part — particularly in committee — inclined to be less politically partisan than members of the House of Commons.

Investigation is potentially a very important role for a reformed Senate. Senate committees can look into any number of subjects of public interest: the need for new legislation, the adequacy of existing legislation, the performance of the executive and the bureaucracy and, perhaps most important, the extent to which federal policies are equitable for regions and for minorities. It is said that investigation is one area where the present Senate has shown a commendable degree of independence from the executive. In recent years the Senate has investigated a number of important public issues, including poverty, the mass media, unemployment, inflation, aging, land use, science policy, national defence, relations with the United States and the proposed national security agency. The recommendations of Senate committees have frequently influenced public policy and have resulted in legislative and administrative action.

The focus of recent reform proposals

While a few witnesses recommended reform of the House of Commons, the great majority argued for reform of the Senate. This was partly because they recognized that the introduction of an element of proportional representation in the electoral system, which is seen by some as an alternative to Senate reform, appears to have been rejected by the national political parties. However, it is also because that alternative would not likely satisfy the demand of the less populous provinces for a way of mitigating the numerical dominance of the Commons by representatives from Ontario and Quebec. A further reason is that the Commons will continue to be subject to tight party discipline, whereas party discipline can be less strict in the Senate, because that chamber can be designed so that it does not control the fate of the government.

In the latter part of the 1970s many proposals for Senate reform envisaged giving the provincial governments direct representation as a means of accommodating regional interests, but very few witnesses who appeared before our Committee advocated this course. Their proposals concentrated instead on representing the views of the people of Canada's provinces and territories in the Senate. One important consequence of this development is that there has been increased interest in the possibility of a directly-elected Senate. It is an option that is attractive particularly to those who wish to give the Senate added political authority.

After so many abortive attempts at Senate reform, witnesses asserted that the time has come for vigorous action — for fundamental change in the Senate —and that it would be a mistake to adopt inconsequential reforms.

The options for Senate reform are examined in more detail in Chapter 5. In the next chapter, we consider the question of what the future role of the Senate should be and examine the objectives of Senate reform.

CHAPTER 4

The Future Role of the Senate and the Objectives of Reform

The first question to be considered by the Committee was what the role of a second chamber of Parliament should be. In this chapter we examine that question and go on to consider what the objectives of Senate reform ought to be.

Our conclusions are, briefly, that the principal role of Parliament's second chamber should be to represent the sometimes diverse interests of the people of Canada's provinces and territories — one of the main roles intended for it in 1867 — and that a major objective of reform should be to strengthen the Senate's capacity to fill that role.

The role of the Senate

We noted in Chapter 3 that the two original functions of the Senate were to represent regional interests and to be a counterweight to the democratically chosen House of Commons. We also noted that, in recent years, the Senate has performed — and performed well — two other functions: the technical improvement of legislation and the investigation of questions of public policy.

At various times it has been proposed that a reformed Senate should provide for the representation of particular interests, among them the following:

- the direct representation of the interests of the provincial level of jurisdiction in federal legislation and in the exercise of certain federal executive powers;
- the representation of national minorities — not only French-speaking Canadians but also aboriginal peoples, ethnic minority groups and visible minorities; and

• the representation of francophones outside Quebec and of anglophones in Quebec.

As well, a number of additional powers have been suggested for the Senate, including the power to review and disallow international treaties, senior appointments to regulatory bodies, and subordinate legislation such as regulations passed by orders in council.

A number of witnesses also proposed that the Senate's role should complement rather than compete with the role of the House of Commons. On the other hand, a comparable number of witnesses argued that the Senate should constitute a check on the executive, which is based primarily in the House of Commons.

We have considered carefully all the functions that a reformed Senate might perform — the original ones, those it has acquired, and the new ones proposed — and we conclude that the principal role should be to represent the sometimes diverse interests of the people of Canada's provinces and territories. As in 1867, one important aspect of that role should be the representation of Canada's French-speaking minority. We have reached this conclusion because we are persuaded that in a country of the size and diversity of Canada there should be checks and balances built into the national legislature that will be a restraint on actions taken in the name of a majority of the population, as represented by the House of Commons.

We recognize that these diverse interests are in large measure the subject of provincial jurisdiction. Education is the foremost example. By international standards, the scope of provincial jurisdiction is wide, which raises the question of why special representation of such interests is needed in Parliament. The fact is that any modern federal legislature exercising its own jurisdiction necessarily engages in activities that give rise to reactions that vary from one province to another. In Canada, these activities include, for example, levying customs tariffs and regulating transcontinental railways and broadcasting. We believe that the Senate, with a distribution of seats different from that in the House of Commons, should give weighted representation in legislation on such matters to the interests of the less populous provinces, as was intended in 1867. We also agree with many witnesses that a special Senate voting procedure on linguistic matters should be established to give added protection for the French-speaking people of Canada. This, too, would help fulfil the intentions of 1867.

We reject the view that the principal, or even a secondary, function of the second chamber should be federal-provincial co-ordination. Such co-ordination is, we think, best left to the federal and provincial governments. We have more to say about this in Chapter 5, when we comment on proposals that the second chamber be composed of provincial government delegates acting under instructions.

In addition to the primary function of regional representation, which is one that could give rise to competition with the House of Commons, the Senate should continue to undertake two complementary functions: investigation and the improvement of legislation. We believe that other functions should be no more than incidental to the performance of these three.

Representation of national and provincial minorities should not be achieved by reserving for them a specified number of seats in the Senate; but this conclusion should be regarded as provisional with regard to one important group of national minorities, the aboriginal peoples. Some aboriginal groups testifying before the Committee asked that a specified number of seats be reserved for them in the Senate and perhaps also in the House of Commons. However, they recognized that the outcome of other discussions concerning aboriginal peoples are relevant to this request, among them discussions about self-government. The report of the Special Committee of the House of Commons on Indian Self-Government stated that "the best way to promote Indian rights is through Indian self-government and not by special representation for First Nations in Parliament. Nevertheless, the situation of Indian peoples will change with self-government, and special representation in Parliament might in future offer benefits that cannot now be anticipated." There is also continuing consultation through the constitutional conference of federal and provincial first ministers, with the aboriginal peoples participating, on this and other constitutional matters affecting aboriginal peoples. For these reasons we believe that no action should be taken at the present time to establish separate Senate seats for the aboriginal peoples.

We also heard representations about provincial official-language minorities. Such minorities are concerned primarily about the effects of provincial legislation, whereas the Senate is concerned with the passage of federal legislation. Aside from certain provisions in the Constitution, including the Charter of Rights and Freedoms, it is the workings of provincial politics, aided where appropriate by national public opinion, that are the main protection for these minorities. However, it would not be inappropriate — and might well be desirable — for any process of appointment or election of senators to result in the inclusion in the Senate of representatives from these minorities, so as to make the chamber as broadly representative as possible. Under a process of direct election this could be achieved through the choice of candidates, through the delineation of constituencies, or through the choice of an electoral system.

The Committee's objectives for Senate reform

Our primary objective is to strengthen the Senate's capacity to fill its role of regional representation. At the same time it is important to preserve and strengthen the Senate's capacity to improve the quality of legislation and to investigate questions of public policy and administration.

To meet our primary objective, any reform should ensure that senators have more political authority and a measure of independence from party discipline. However, we also consider it essential that the House of Commons continue to be the pre-eminent chamber in Parliament, so that our system of

responsible government can continue to operate effectively. Finally, our overriding concern is to ensure that Senate reform will strengthen the authority of Parliament as a whole to speak and act on behalf of Canadians in all parts of the country.

If these objectives are achieved, we believe that the functioning of our political system would be improved. Provincial governments, which now frequently speak on behalf of the people of their provinces in federal as well as provincial matters, would no longer have to carry that additional load. The excessive political burden now thrust upon federal-provincial conferences and intergovernmental relations would be reduced, because there would be a new forum whose principal role would be to discuss openly and to reconcile competing regional interests in matters under federal jurisdiction. We do not argue that regional differences would disappear, but we do believe that the system for resolving them would be much improved and that regional tensions would be less troublesome.

CHAPTER 5

The Reform Alternatives

Introduction

In this chapter we review the arguments in favour of the various reform options in the light of the role we propose for the second chamber and the objectives of reform. These options are usually expressed in terms of how senators would be chosen. The four principal options are as follows:

- Reformed appointment — a second chamber whose members would continue to be appointed, but possibly in a different way, and that would undergo various reforms to improve its effectiveness.
- A *Bundesrat* — a council or second chamber whose members would be chosen by the provincial governments and who would vote according to their instructions.
- Indirect election — members of the second chamber would be elected by a two-tier process: that is, they would not be elected by the people of Canada but by MPs or provincial legislators from the different federal or provincial parties.
- Direct election — senators would be elected by the people of Canada.

Before we review the arguments for these reform options we should say something about another possible course of action — the abolition of the Senate without putting anything in its place.

The question of abolishing the Senate

Abolition as an option is not, strictly speaking, covered by the Committee's terms of reference. Very few people who made representations to the Committee advocated abolition. Nor was it the preferred option of the great majority of the various task forces and committees that have given extensive consideration to the role of the Senate in recent years. It is also clear from what we said in Chapter 4 that we believe the Senate should not only be retained but that it has an essential role to play in Canada's political system. However, abolition has appealed to some Canadians from time to time, and it is the preference of one member of our Committee. It may therefore be useful to set out the arguments for and against abolition.

The arguments put forward by those who favour abolition of the Senate include the following:

- The present Senate is so moribund and adversely regarded that no reform can 'resurrect' it.
- The Senate's legislative review and investigative functions could be carried out by the Commons or by special task forces, thereby saving the cost of a second chamber.
- The present system of appointment contradicts the principle of representation by population in Parliament and consequently harms the democratic process.
- Other changes, such as reform of the Commons or an institutionalized First Ministers Conference, could better achieve the objectives of reform.

The arguments that have been made against abolition are as follows:

- The establishment of the Canadian Senate in 1867, with equal representation of the three regions that existed at that time, was an essential part of the federal bargain. A second chamber representing the regions was considered then, as now, indispensable in a federation.
- A reformed Senate now offers by far the best opportunity to give the people of the less populous provinces a stronger voice in Parliament.
- The Senate has played a useful role in revising legislation and in investigating questions of public policy. Abolition would deprive Parliament of this valuable contribution to its work.

We believe that the arguments for retaining the Senate far outweigh the arguments for abolishing it. It appears to us that some of the priorities of the abolitionists are not the same as ours. For example, some who say that Commons reform is preferable to Senate reform attach high importance to remedying the party imbalance in Commons seats held across the country but little to giving the people of the less populous provinces a stronger voice in Parliament. We believe the latter is essential. We also believe that the Senate is ordinarily better suited than the Commons to carry out legislative review and investigation, partly because its members tend to be less partisan and partly because they have more time to devote to these functions.

Reformed appointment

A large number of witnesses who appeared before the Committee were in favour of retaining the appointment of senators, but also favoured changing the manner or term of appointment, along with other reforms. Many of these witnesses commented favourably on the findings of the Lamontagne Report.

The changes witnesses proposed to the method of appointing senators included the following:

- a fixed term for senators, from 6 to 10 years;
- nomination of half the candidates by provincial governments, or nomination of all of them by a group of reputable citizens in a manner analagous to the system for selecting federal judges; and
- appointment of senators following each federal or provincial election, in a proportion that reflects each party's share of the popular vote.

A number of other reforms would, it was argued, make an appointed Senate more effective and representative. They included the introduction of a suspensive veto which, it was believed, would be used more readily than the Senate's present absolute veto. Witnesses also said that there should be a greater proportion of seats for the western provinces and that more senators should be appointed from among minority groups and native peoples.

Those who advocate retaining the appointment of senators generally do so by arguing that it is a better option than direct election. They say that direct election would endanger the supremacy of the House of Commons and responsible government, whereas an appointed Senate would not compete with the Commons. They believe that an elected Senate would be more partisan and therefore less able to perform the three functions that this Committee has identified as being those that need strengthening — regional representation, legislative review and investigation. They also say that obtaining the necessary consent for constitutional change would involve further constitutional debate and might in any event prove impossible.

Those opposed to a reformed appointment process believe that any change short of direct election would not achieve the objectives of reform. A few go so far as to say it would be better to abolish the Senate than to tinker with the present arrangements. Their principal argument is that only direct election can give senators an adequate mandate to represent the people of the provinces and territories.

Most of the members of the Committee agree that direct election is the best course. However, because it could be some time before the necessary constitutional changes are made to allow direct election, we believe that some of the reforms proposed for an appointed Senate should be implemented immediately. We discuss these reforms in detail in Chapter 7.

A *Bundesrat*

In the late 1970s there were a number of proposals for a second chamber or council composed of delegates of provincial governments who would act on the instructions of those governments. These proposals were inspired by the example of the West German second chamber, the *Bundesrat*.

One proposal envisaged a council composed of provincial delegates, with each province having a number of votes that, as a general principle, varied with (but was not proportionate to) its population. The council would exercise an absolute veto over the use of the so-called federal overriding powers. These powers include the spending power, the now obsolescent power to disallow provincial legislation, and several others. The council would have no role in other federal legislation. It would be a new institution, one that did not necessarily imply the abolition of the Senate.

Other proposals envisaged the combination of a provincial absolute veto on the overriding powers with a suspensive veto on other federal legislation. These proposals implied the replacement of the present Senate with a second chamber along the lines of the West German *Bundesrat*. Provincial governments would therefore represent the regions for purposes of federal legislation. Their delegates would vote under instructions, and each province would have a number of votes that varied with its population, but was not proportionate to it.

Underlying these proposals was the belief that the primary function of the second chamber should be intergovernmental co-ordination. However, most of the proposals envisaged a somewhat one-sided co-ordination, inasmuch as provincial initiatives that affected federal policies and programs would not have been subject to any institutionalized federal veto or input.

In the policy paper *The House of the Federation*, published in August 1978 following the tabling of Bill C-60, the federal government rejected the relevance for Senate reform of the West German experience as well as the notion of a second chamber composed of delegates of provincial governments.

In November 1980, the report of the sub-committee of the Senate Standing Committee on Legal and Constitutional Affairs (the Lamontagne Report) analysed in depth the arguments for a council composed of provincial delegates as well as the arguments for a *Bundesrat*-type Senate. It rejected both models and concluded that the intergovernmental aspects of the federation should continue to be handled by intergovernmental conferences. Its reasons were as follows:

- A council would give provincial governments a power of disallowance over certain legislation passed by Parliament. Its objectives could be accomplished in a less objectionable way, and without creating a new institution, by giving constitutional recognition to the First Ministers Conference.
- A *Bundesrat*-type second chamber would, in the same manner as a council, subordinate Parliament to the provincial governments: "It would give to the *executive branch* of the provincial order of government suspensive and absolute veto powers over the *legislative branch* of the federal order of government. It would make the federal Parliament a hybrid body amounting to a monstrosity."

The arguments advanced against new institutions based on the *Bundesrat* have clearly had their effect. Some expert witnesses appearing before the Committee admitted that they had changed their minds since first being attracted to the *Bundesrat* model in the late 1970s. Many other witnesses categorically opposed such an institution. A few supported the proposal in the Lamontagne Report for constitutional recognition of the First Ministers Conference. Very few now argue for a provincial role in federal legislation.

This Committee is unanimous in opposing the creation of a second chamber composed in whole or in part of delegates who would act under provincial government instructions. We feel that regional representation with respect to federal legislation should not be a function of provincial governments. A *Bundesrat* is appropriate for West Germany, where the provinces are heavily involved in administering federal legislation and have relatively little legislative and financial autonomy compared with Canadian provinces. In Canada, such an institution could lead to serious problems for Parliament and the federal system. We can see some merit in institutionalizing the First Ministers Conference, but take no position on it because it is outside our terms of reference.

Indirect election

In 1978 the federal government proposed a system of indirect election in Bill C-60. It explained the reasons for its choice in the paper entitled *The House of the Federation*. The proposal was that half a province's senators should be elected by MPs, with the MPs from each federal party electing a number of senators in proportion to the popular vote received by the party in the province in the most recent federal election; the other half would be elected in a similar manner by the province's legislators, in proportion to the party vote in the most recent provincial election. The result would be that both federal and provincial parties would be represented in the new chamber, and the chances were that no single party would ever have a majority. Bill C-60 proposed that the new second chamber be given a suspensive veto.

It was argued that indirect election would achieve effective representation for the people of the provinces in a way that would not threaten the primacy of the Commons to the extent that direct election might. It was believed that because the chamber was not elected directly, it would not choose continually to frustrate government legislation with its suspensive veto.

The proposals in Bill C-60 received little public support at the time, and the Supreme Court later ruled that the most important of the proposed changes to the Senate could not be implemented by Parliament acting alone.

Only a very few witnesses favoured indirect election. Those who did generally advocated the Bill C-60 model, with minor variations. They believe that indirect election would be more politically effective than a reformed appointed Senate, less potentially dangerous than an elected Senate, and able to meet some of the objectives of a *Bundesrat*.

On the other hand, others argued that indirect election is more like appointment than election, and that senators would have little standing as regional representatives. As a result, indirect election would not add to the political authority of the Senate. It is not improbable that caucuses would choose friends or associates who might not be the best qualified people for the job.

It is also argued that the provincial legislatures should not be involved in federal legislation. Senators chosen by provincial legislatures would be oriented toward matters germane to provincial jurisdiction. They would therefore have a conception of their duties entirely different from what senators elected by MPs would have. Moreover, the Senate would be composed of a political *pot-pourri* with which a government might find it difficult to negotiate productively. The Senate could also become a house of obstruction if the party in office federally held office in few provinces.

The Committee considered these arguments and is persuaded that indirect election would not meet its principal reform objectives, which are to strengthen the Senate's capacity to fulfil the functions of regional representation, legislative review and investigation, and to increase the political authority of Parliament as a whole.

Direct election

A sizable proportion of witnesses, roughly comparable to that advocating reformed appointment, supported direct election of senators by the people of Canada.

A number of arguments are made in favour of direct election. Witnesses emphasized that only direct election would give the Senate substantial political authority. Consequently, if Senate reform is to give the people of the less populous provinces and territories a stronger voice in Parliament, an elected Senate would be the best way to achieve that goal.

Witnesses pointed out that with such a Senate, those who have territorially or culturally based interests in federal legislation and policies would have someone in the nation's capital to express their views in a direct, public and politically effective way — provided senators were not too bound by party discipline. As a result, those interests would no longer have to seek an outlet through provincial governments. That should help to remove an important source of irritation from federal-provincial relations. Inter-regional disputes about federal legislation and policies could be debated and resolved in a national forum rather than at federal-provincial conferences, which sometimes give the public an impression of constant bickering and national disunity.

Those who recommend proportional representation point out that direct election would bring better regional balance to the caucuses of the national parties, thus encouraging greater accommodation of regional views in party policies. A prime minister seeking to construct a regionally balanced cabinet would also have more choice.

Finally, those who support direct election say it works well in Australia which, like Canada, has a parliamentary system in the British tradition and is a federal country; Canada would not be introducing an untried system.

Those who oppose direct election say that elected senators would be bound to feel that they ought to exercise powers equivalent to those of MPs; this would result in a chamber that would compete with the House of Commons and endanger our system of responsible parliamentary government. It would be difficult, perhaps impossible, to devise an institution that had neither too much nor too little power. If it had too much, the

government would, in effect, be responsible to both houses. If it had too little, the new institution would not be taken seriously.

They argue further that it is unlikely that an elected Senate would be non-partisan, given that senators would need party support to get elected. To the extent that senators were bound by party discipline, much of the purpose of Senate reform would be defeated, because the Senate would come to resemble the House of Commons in everything but the distribution of seats. On the other hand, if senators were completely non-partisan, other problems could arise: senators might take too little account of national concerns or trade their support for parochial interests.

Opponents of an elected Senate also argue that such an institution is outside Canadian experience and that the effects of introducing it are unpredictable. They believe that the Australian experience, far from supporting the option of direct election, has revealed serious problems.

Finally, they argue that it will be difficult to get the necessary approval for constitutional amendments, and that the public is weary of constitutional disputes.

Those who favour an elected Senate and those who oppose it both recognize that a good deal would depend on how the institution is designed: the electoral system, the timing of elections, the term of senators, the legislative powers, and the distribution of seats. It seems to us that a major difference between the two sides is that those who favour an elected Senate believe that it is possible to achieve balance between too much and too little power for the Senate, and between too much and too little party influence over senators. Those who oppose an elected Senate doubt that this balance is possible and are opposed to introducing such a change because the outcome is uncertain.

Most members of the Committee consider, however, that the two most likely alternatives to direct election — a reformed appointment process and indirect election — would not give the Senate sufficient political authority; therefore they would not give the people of the less populous provinces a stronger voice or provide effective protection for Canada's French-speaking minority.

We conclude that direct election would best meet the reform objectives we set out in Chapter 4 and that a carefully designed elected Senate would achieve the necessary balance we have described. Our proposed model for an elected Senate, which has the support of most members of the Committee, is described in the next chapter.

CHAPTER 6

An Elected Senate: The Committee's Proposal

Having concluded that an elected Senate would best meet our objectives for reform, the Committee faced a wide range of choices on questions such as the method of election, the distribution of seats among the provinces, and the powers of the Senate. The choices ranged from a Senate with powers equal to those of the House of Commons and with an equal number of seats for each province, to an advisory rather than a legislative body, with a distribution of seats proportionate to the population of each province.

We tried to strike a balance between these extremes. We propose that, in due course, senators be elected for non-renewable nine-year terms by plurality vote in single-member constituencies, in triennial elections separate from Commons elections, and that the Senate have a suspensive veto of 120 sitting days over most bills. The representation of the less populous provinces and of the territories would be increased, bringing the number of seats in the Senate to 144. Legislation of linguistic significance would require a double majority vote. Before describing our proposals in detail, we shall say something about the principles that guided our choice.

It is generally acknowledged that a parliamentary system based on ministerial responsibility has served Canada well and should not be endangered. Such a system clearly works better if the government is responsible to only one house. If the government were responsible to two houses, one of which it did not control, the operations of government could well be paralysed. We have sought to avoid this at all costs. We have attempted therefore to ensure that an elected Senate, while enjoying substantial powers, will not be in a position to contest the ultimate supremacy of the House of Commons.

Another of our major concerns was to ensure that senators have the desired measure of independence. If they are perceived as purely partisan, their credibility as people speaking on behalf of regional interests will be diminished, and we will have failed to meet one of the goals of reform. In deciding on a method of election, on the powers of the Senate, and on the length of a senator's term, we have made choices that should help give senators a certain autonomy.

Finally, given that we believe it is necessary to increase the western provinces' share of seats in the Senate, it follows that the share of other provinces would be reduced. As a result, Canada's francophone community, which is located primarily in Quebec, could feel more vulnerable. We therefore propose a new voting procedure to enable senators representing that community to vote separately on any linguistic proposal of special interest to it.

The components of our model for an elected Senate are described in the pages that follow. For each we list the principal options and explain our choice. We emphasize that the components of our model are interdependent. Considered alone, each has its drawbacks, but taken together we believe they would produce a strong Senate able to represent regional interests without undermining the system of responsible government that we enjoy in this country.

The electoral system

The Committee had to choose between a majority system and proportional representation — that means, in practice, between single- and multi-member constituencies.

Proportional representation is the system used to elect the Australian Senate and most western European legislatures. Essentially, it gives each political party a number of parliamentary seats corresponding roughly to the percentage of votes cast for it. Witnesses advocated two systems of proportional representation: the *single transferable vote* system used in Australia and in Ireland and a *list system* based on the European model. Witnesses advocating proportional representation argued that the present plurality vote system (also called first-past-the-post) has resulted in a lack of regional balance in parliamentary caucuses and that minority parties in each region win few seats, if any. The present system can and does result in one of the major federal parties failing to elect a single member in any given region of Canada, which makes it impossible to constitute a fully representative federal cabinet. Proportional representation, on the other hand, would have enabled the major parties to elect candidates in all regions of the country had it been the system in use at recent elections. Some witnesses also argued that the Senate should have an electoral system different from that of the House of Commons so as to emphasize the distinction between the two houses. Finally, in a system of proportional representation, senators would be elected in constituencies the size of the provinces, and that would add to their prestige.

Opponents of proportional representation argue that if the system were used for Senate elections—and even more, if it were used for elections to the House of Commons—it would facilitate the emergence of purely regional parties. Such a development would undermine the national parties, which help to integrate and soften regional differences. Conflict between purely regional parties could increase regional tensions.

We have been impressed by this argument and have concluded that Senate reform should not stray from its true objective or serve to resolve a representation problem for which the political parties have only themselves to blame. In other words, if parties are incapable of electing members in a particular province, they should pull themselves together and change their attitudes. The electoral system should not be altered merely to compensate for the weaknesses and strategic errors of political parties. However, we should note that one member of the Committee continues to favour proportional representation.

In addition, it is apparent that electoral systems based on proportional representation are complex. While they are not beyond the comprehension of Canadians, we are concerned about public reaction to an unfamiliar and even confusing electoral system — a system that was used at the provincial level in the cities of Winnipeg, Calgary and Edmonton beginning in the 1920s, but that was abandoned in the 1950s. Moreover, province-wide constituencies would not allow for regional representation within provinces; for example, almost all the senators elected from a province might come from the major urban areas, leaving rural areas unrepresented.

Some people suggested that we recommend the use in single-member constituencies of the alternative vote that is used for the Australian House of Representatives. They argued that such a system gives the voter an opportunity to express a sequence of preferences among the various candidates and political parties. It also results in the election of a candidate who enjoys the support of a majority of the votes cast, although those votes might not be all first preference votes. We considered the implications of using this system. We noted that it was used but subsequently discarded in three Canadian provinces; that if introduced now it would be unfamiliar to Canadian voters; and that experience shows that election results are only marginally different from those under the present system.

By contrast, the Committee found the present single-member plurality system simple and satisfactory. Voters are familiar with the system, having used it for generations to elect representatives to all levels of government, with a few exceptions. We see a real advantage in having the senatorial election system rest on the same principles as those governing election to the House of Commons, so as to avoid confusing voters about the existence within the federal Parliament of two opposing electoral systems. There are other advantages. Having smaller constituencies electing only one senator would facilitate election campaigns. Also, the chances of linguistic and cultural minorities within each region electing one or more of their members would be greater if constituency boundaries were drawn so as to permit such representation. The application of this principle should also facilitate the election of representatives of some of Canada's aboriginal peoples.

One of our major concerns is that the use of lists in large constituencies might increase the control that party headquarters have over candidate selection. The corrective measures suggested to us seemed inadequate. The use of lists could have amounted to nothing more than the veiled appointment of senators by political parties. On the other hand, with smaller single-member constituencies, local party workers would be in a better position to have their views prevail over those of central party authorities. This would meet one of our major objectives — to give senators a broader measure of independence.

We should not conclude these comments on alternative electoral systems without noting that we were urged by a number of witnesses to take a first-hand look at how proportional representation works in practice for Australian Senate elections. It was argued that if we were to talk on the spot with politicians and others in Australia, the disadvantages we perceive in proportional representation in general, and in the single transferable vote in particular, would not seem so formidable. In any event, the time available to our Committee for its investigations and for essential travel in Canada was not sufficient to allow us to make the trip and to meet even our

extended deadline. We do recognize, however, that a comprehensive review of alternative electoral systems for the Canadian Senate should ideally include an on-the-spot examination of the system used in Australia.

Constituency boundaries

While voters in each senatorial constituency would elect only one representative, as is the case in House of Commons elections, we do not believe that constituency boundaries should be determined according to the same principles of population equality. Senators should represent natural, identifiable communities. Although population should be one criterion in determining the boundaries of Senate electoral districts, greater importance should be attached to geographic, community, linguistic and cultural factors than is the case for House of Commons constituencies. In readjusting the federal electoral map, larger discrepancies in the average number of electors could be tolerated than those authorized in the *Electoral Boundaries Readjustment Act*. At present Quebec is divided into 24 senatorial districts, the boundaries of which were delineated in 1856. They no longer have much relation to contemporary realities and should be abolished. New districts would be created in Quebec as in the other provinces. Senate electoral districts, like those of the Commons, should not extend beyond the geographic limits of a province or territory.

It would be necessary periodically to readjust Senate constituency boundaries. Since this task would require political judgement, we propose that independent commissions prepare proposals for constituency boundaries in accordance with criteria specified in the law, but that the final delineation be done by an act of Parliament. Parliament would then have an opportunity to amend the proposals made by the commissions. However, the initial distribution for the first elections to the Senate should be done by a special joint committee of the Senate and the House of Commons.

The senatorial term and the timing of elections

We recognized that in choosing single-member constituencies we had to ensure that the role of elected senators would be quite clearly different from that of members of the House of Commons. Our proposal to restrict senators to a single term of office does this and achieves some other important objectives. If senators are not able to seek re-election they will have more independence of party influence and greater freedom to speak out as regional representatives, they will be less likely to get involved in the kind of constituency duties that would duplicate those of members of the House of Commons, and they would be able to devote most of their energies to sittings of the Senate and its committees.

We realize that senators who serve for a single term would not be obliged to account for their actions to their electors at a subsequent election. But senators, like all elected and even many appointed officials, are accountable in a variety of ways to the people they serve. Quite apart from their own motivation, there are many different social and party pressures on them to do a good job. We believe that these pressures will tend to ensure that senators who are elected for a single term will not abuse the trust of those who vote for them. We acknowledge that if the Senate had as much power as the Commons the question of re-election would assume relatively more importance. With a suspensive veto the accountability problem, while important, is less critical. On balance, therefore, we believe that the advantages of a single term outweigh the disadvantages.

It was difficult to decide how long the single term should be. Most witnesses recommended a term of six years, without any restriction on senators running for a second or subsequent term. This is the arrangement in the United States and Australia. We decided that if candidates were to be restricted to a single term, the term would have to be long enough to attract good candidates. Our preference for nine years is to allow for continuity in the Senate. With senators serving just a single term, it is important that the turnover not be too rapid. For example, if half the senators serving a six-year term were elected every three years, after any given election a maximum of half the senators would have only three years' experience in the chamber. We therefore decided to recommend a nine-year term, with one-third of the senators being elected every three years. The longer term would have the additional advantage of giving senators more independence and enough time for them to learn to be effective in their role as legislators and regional representatives.

Our recommendation to renew part of the Senate every three years follows the system used for the Senates of the United States, Australia and France. Because we would be using single-member constituencies, voters in only one-third of the constituencies in each province would be called to the polls at each triennial election. (For the territories we are recommending a number of seats that would not be divisible by three, so for them there would be special provisions.)

These triennial elections should be held separately from Commons elections and on fixed dates — for example, on the second Monday of March in every third year. A number of witnesses recommended that Commons and Senate elections be held simultaneously, with half the Senate being elected at each Commons election. They pointed out that this would result in fewer elections and could produce a higher voter turnout. One disadvantage of half-Senate elections for our model is that a senator's single term could be too short in that it would be limited to two parliaments; and it could be too long if one-third were elected at each Commons election to sit for three parliaments. But we had other objections. The Senate election campaign would be overshadowed by a simultaneous

campaign whose primary object was to elect a government. Also, the power to dissolve Parliament would give the government a certain measure of control over the Senate. We believe that senators would have more independence, and more authority as regional representatives, if their elections were separate. Moreover, separate elections could well increase the chances of candidates without party affiliation running successfully. While affiliation with parties will be natural, it should not be the only way of getting elected.

The power of dissolution enables the Governor General, on the recommendation of the Prime Minister, to cut short the mandate of the House of Commons at any time during the five years following a general election. By virtue of this power, elections to the House of Commons could be timed by the government to coincide with the triennial Senate elections. To prevent this, there should be constitutional safeguards.

Legal provisions governing Senate elections

Legal provisions will be needed governing such matters as who is eligible to vote or to stand as a candidate for election. These provisions should be set out in a new statute designed specifically to govern all aspects of Senate elections, including election expenses. The statute should come into force in advance of the first elections.

The distribution of seats between the provinces and territories

At present, Senate seats are divided according to the principle of four equal geographic regions — Ontario, Quebec, the Western provinces and the Atlantic provinces. The principle of equality is not followed strictly, because the four Atlantic provinces have a total of 30 seats in the Senate, compared with 24 for each of the other regions. Witnesses argued that this division on the basis of four regions is outmoded for the purposes of regional representation, that it should be abolished, and that the distribution of Senate seats should be made solely by allocating seats to each province and territory.

It was also asserted that it makes no sense for a province to have more seats than one with a much larger population, as happens now.

A number of witnesses argued strongly that each province should have equal representation in the Senate. They claimed, in essence, that equality of citizens in the House of Commons must be balanced by provincial equality in the Senate. This is the principle accepted in federations such as the United States, Australia and Switzerland, where all states or cantons have the same number of seats in the second chamber despite considerable population differences. These arguments were pressed most vigorously during our public hearings in the West and in the Atlantic provinces.

We note, however, that in none of these three federations is the imbalance between the constituent units as pronounced as it is in Canada. For example, Canada's largest province, Ontario, has about 36 per cent of the country's population; in the United States, the largest state has only about 10 per cent. In Canada, the application of the equality principle would enable the five least populous provinces — that is, those accounting for 13.4 per cent of the Canadian population — to have a majority in the Senate if they had the support of the territorial representatives, whatever their number. A resident of Prince Edward Island would have as much electoral clout as 70 Ontarians and 50 Quebecers. Such pronounced inequities could jeopardize the institution's credibility. Moreover, if this system were adopted, the only province with a francophone majority would see its relative weight in the Senate, which stood at 33 per cent of the seats in 1867 and today stands at 23 per cent, plummet to less than 10 per cent.

We therefore concluded that, while providing for substantial over-representation of the less populous provinces and territories, we should propose a distribution that reflects the Canadian reality more accurately than simple numerical equality can do. In so doing we drew upon the example of the second chambers of the West German and Indian federations, where the equality principle has been weighted on the basis of the population of each state.

For this reason, most members of the Committee favoured the following distribution: Ontario and Quebec would retain the same number of seats that they have now (24), and the other provinces would be given 12 seats each, with the exception of Prince Edward Island, which would be given 6. Yukon and the Northwest Territories would both have increased representation. This formula would produce a Senate with 144 members. The stronger role envisaged for the Senate both in regional representation and in committee work warrants a significant increase in the number of senators. In some cases our formula would give provinces and territories more senators than MPs. This troubled some members of the Committee, because they believe it could undermine the authority of MPs from those areas. However, most of us believe that an equitable division of Senate seats among provinces and territories is more important.

If our proposed distribution is adopted, it would be necessary to amend section 51A of the *Constitution Act, 1867*, which now provides that a province is always entitled to a number of MPs that is not less than its number of senators. The section should probably be amended to say that the wording should apply only to the number of senators that a province had in 1982. Thus, Prince Edward Island would be guaranteed at least four MPs, but the number would not rise to six when the number of its senators is increased from four to six under our proposed distribution. The accompanying table compares the existing distribution of seats with the proposed distribution.

	Existing Senate	Proposed Senate
Newfoundland	6	12
Prince Edward Island	4	6
Nova Scotia	10	12
New Brunswick	10	12
Quebec	24	24
Ontario	24	24
Manitoba	6	12
Saskatchewan	6	12
Alberta	6	12
British Columbia	6	12
Yukon	1	2
Northwest Territories	1	4
TOTAL	104	144

The Senate's powers

Almost all the witnesses who spoke in favour of an elected Senate recommended that the Senate not be able to overturn a government. We agree fully. In a parliamentary system, a government cannot serve two masters whose wills might on occasion be diametrically opposed.

A number of witnesses maintained that an elected Senate ought to have the same legislative powers as the House of Commons or, more accurately, that it should continue to have the powers assigned to it by the *Constitution Act, 1867*. The argument was made that two legislative bodies, both elected on the basis of universal suffrage, should be on an equal footing. Doubts were also raised about the quality of the candidates who would want to run for seats in a chamber whose powers were markedly inferior to those of the House of Commons. The result of this line of argument would be a Senate exercising an absolute veto over all legislation voted by the House, with the possible exception of money bills. If there were persistent disagreement between the two chambers, the disputed bill might be left in abeyance, or a joint committee composed of members from each house could try to agree on a mutually satisfactory redrafting. Some people proposed that if the disagreement persisted, a joint session of the two chambers could be held to resolve it by a majority vote; and, if that failed, both houses could be dissoved and an election called.

Thus, if the Senate enjoyed an absolute veto, the parliamentary process would become considerably more unwieldy than if it had just a suspensive veto. The government would have to be responsible to both houses. Double dissolution could mean a proliferation of elections, and the threat of dissolution could become an instrument of government control over senators. But the principal factor in our decision not to accord the Senate an absolute veto was the possibility, if not the probability, of our parliamentary institutions continually becoming deadlocked. The example of the Australian Senate, whose legislative powers are practically equal to those of the lower house, illustrates that this fear is not merely academic.

We therefore decided that it was wiser and more in keeping with the character of parliamentary government to give the Senate the power to delay but not altogether prevent the adoption of measures voted by the House of Commons. The Senate would therefore have a suspensive veto of a maximum of 120 sitting days, divided into two equal periods of 60 days. Supply bills would not be subject to any delay. The mechanism we have in mind would work as follows:

(a) Bills passed by the House of Commons would be transmitted without delay to the Senate.

(b) Within the 60 sitting days following the transmission of a bill from the House, the Senate would make a final decision on it, either adopting it, rejecting it, or passing it with amendments. If the Senate had not made a final decision on a bill within the prescribed delay period, the bill could be presented direct to the Governor General for royal assent.

(c) A bill adopted by the House of Commons and rejected by the Senate could not be presented to the Governor General for assent unless the House of Commons had adopted the bill a second time. That second adoption could not take place unless at least 60 sitting days had elapsed since the Senate rejected the bill.

(d) If the Senate amended a bill passed by the House of Commons, the amendments would be transmitted to the Commons, which would have to accept or reject the amendments. If accepted, the bill could then be presented immediately to the Governor General for assent; if rejected, the bill could be presented to the Governor General for assent only after at least 60 sitting days had elapsed since transmission of the Senate amendments to the House. At the end of the 60-day period, the House would again vote on the amendments and on the bill. This rule would also apply to bills on which the House had rejected some Senate amendments while accepting others.

(e) In computing the 60-day periods referred to above, only days when either House is sitting would be counted.

We decided to use sitting days rather than calendar days to avoid the distortions due to holidays and recesses. In practice, and depending on the time of the year, the maximum length of the delay would be between seven and nine months.

The business of supply has unique importance in our parliamentary tradition. A simple delay in voting the estimates can paralyse public administration for months. We regard this possibility as unacceptable. To give the Senate even a suspensive veto in such a vital area would amount to giving it a disguised power to overturn the government. We therefore propose that the Senate have no power over appropriation bills (including the main, interim and supplementary estimates).

At present, money bills cannot be introduced in the Senate first. We believe this prohibition should be maintained, with exceptions being made for the Senate's own budget and for bills dealing with elections to the Senate and its internal organization. In these three matters, the Senate should have the power of initiative to ensure its independence. For the

same reason, it is essential that the Senate have full control over its own budget. Senators would continue to have the power to introduce bills other than money bills.

The double majority

To ensure additional protection for the French language and culture, we accept the argument of a number of witnesses that legislation of linguistic significance should be approved by a double majority in the Senate. Two methods of calculating such a majority were proposed to the Committee. One called for a majority of both francophone and anglophone senators. The other called for an overall majority of all senators that would have to include a majority of the francophone senators.

The second method would, like the first, protect the francophone minority against legislation that they believed threatened them. In addition, it might be easier to get Senate approval of legislation that the francophone minority considered desirable, because the second method would require a larger proportion of anglophone senators — if they were to vote without francophone support — to defeat it than just the simple majority of anglophones required under the first method. Since Senate rejection of such legislation could not be overridden by the Commons, there is an argument for making that rejection by the majority language group more difficult. Because the second method does that, we tend to prefer it.

Such a voting procedure would achieve its purpose only if the Senate veto on these matters were absolute. In other words, a bill or a portion of a bill having linguistic significance could not become law unless it had been passed by a double majority in the Senate. To identify those bills or parts of bills that should be subject to the double majority, it would be necessary to adopt a workable definition and a procedure for resolving disputes.

We propose that, at the time of swearing in, senators would be asked to declare whether they consider themselves francophone for purposes of the double majority.

Ratification of appointments

We believe that order in council appointments to federal agencies whose decisions have important regional implications should be subject to Senate ratification within a period of perhaps 30 sitting days. If the Senate did not reject an appointment within that period, it would be deemed to have ratified it.

Internal organization of the Senate

Under section 34 of the *Constitution Act, 1867*, the Speaker of the Senate is appointed and removed by the Governor General, on the recommendation of the Prime Minister. The provision, probably modelled on the practice in the British House of Lords, means that the administrative management of the Senate is the responsibility of a person who may not be the choice of the majority of senators. We feel that the independence of the Senate would be increased if it could elect its own Speaker after each triennial election. This would parallel what happens in the legislative assemblies of practically all democratic countries.

The reasons that justify election of the Speaker by senators apply with even greater force to the election of the leaders of the political groups in the Senate. Those responsible for organizing Senate business should not be selected by the party leaders in the Commons. For these reasons, we believe that the government and opposition supporters in the Senate should elect their officers.

We considered the question of whether senators should be eligible for membership in the Cabinet. Some members of the Committee attached importance to the government being able to choose senators as ministers in cases where there are no members of the House of Commons of the government party from a particular province. We feel, however, that appointment of senators to the Cabinet should not be used to overcome the failure of political parties to elect representatives in some provinces. The majority of Committee members also believes that if ministers are drawn from the Senate, cabinet solidarity would prevail over their responsibility as regional representatives. We also consider that the possibility of becoming a minister and the presence of ministers in the Senate would impair the ability of senators to represent effectively the interests of their regions. We conclude therefore that senators should not be eligible for cabinet office or for a position as parliamentary secretary.

The effect of this prohibition would be to make it difficult to introduce and defend government bills in the Senate. We therefore propose — as Senate rules already allow — that ministers appear in the Senate and in its committees to explain and argue for their legislation. We believe that the rules should allow parliamentary secretaries and departmental officials to appear as well.

Witnesses have suggested that regional caucuses should be created, grouping senators from a given region regardless of their party affiliation, in order to emphasize their role as regional representatives. Such a practice would correspond with the spirit and general intent of our report. It goes without saying that participation in such caucuses should not prevent senators from attending the traditional party caucuses that are an essential part of the parliamentary process. It is there that elected senators would have a significant opportunity to contribute to the formation of party policy. Being elected, senators should have a stronger voice than they have now.

CHAPTER 7

Reforms That Should Be Made Now

We recognize that our proposals for an elected Senate contain some novel features and will require public discussion. As well, putting in place an elected Senate will require constitutional amendment involving the consent of Parliament and

of the specified number of legislative assemblies. All this will take time. Meanwhile, certain useful reforms to the present Senate, requiring action only by Parliament or by the Senate itself, should be introduced without delay.

The reforms we have in mind are consistent with — and would pave the way for — the elected Senate we recommend. For example, we propose two important changes that could be implemented right away: a nine-year term for future Senate appointments to replace appointment until age 75; and the more flexible use by the Senate of its present absolute veto in a way that would make it a suspensive veto. These proposals, which parallel two elements of our design for an elected Senate, are explained below.

The reforms we propose in this chapter, if exploited fully, could enable the Senate to be more effective than it is now. We must emphasize, however, that in the opinion of nearly all the members of our Committee, such reforms would fall short of enabling the Senate to fulfil its future role adequately, because only direct election can do that. Nevertheless, in the interval before an elected Senate could be put in place, the operation of the reformed chamber would provide the basis for assessing how much more effective an appointed Senate could be and whether our judgement that direct election is necessary is justified.

We shall describe our proposed reforms under three headings: the selection of senators and their tenure; the powers of the Senate; and the internal organization of the Senate.

The selection of senators and their tenure

Some of the most trenchant criticisms made before our Committee were directed at the present method of choosing senators: appointment by the Governor General on the advice of the Prime Minister. Some witnesses found no fault with appointment as such, but believed that the present method of appointment invites abuse. While there is broad agreement among the members of our Committee on that point, most of us do not believe that the alternative methods suggested in recent years would bring about any fundamental change. The present method, despite its faults, has resulted in the appointment of many outstanding public figures who have served Canada well. We propose that it be retained until a system of direct election is put in place, but that it be used in a way that befits what we expect will be a more effective second chamber of Parliament.

We believe that our proposed nine-year non-renewable term for future appointments, replacing what is in effect an appointment for life, would in itself have some influence on the kind of people who would be offered and might accept an appointment, and would be more acceptable to the public. This term corresponds to the one we recommend for an elected Senate.

The introduction of a fixed term would require an amendment to the Constitution. However, we understand that a fixed term of nine years would almost certainly not require the use of the general constitutional amending procedure, which involves the provincial legislatures, because it would not affect "the powers of the Senate" or "the method of selecting senators". The amendment would therefore be within the authority of Parliament under section 44 of the *Constitution Act, 1982*. The Supreme Court might hold that a substantially shorter term than nine years would affect the ability of senators to carry out their role of legislative review and would therefore impinge on the powers of the Senate, thus requiring the consent of the provinces. Such, at any rate, is our reading of the Court's judgement in the *Upper House Reference Case* which, while it preceded the recent constitutional amendments in respect of the Senate, may still have some relevance to this matter. A single term of nine years should not present any problem in that regard.

At the time the Committee adopted the report (21 December 1983), out of a total of 104 seats, there were 21 vacancies. The recent practice of leaving seats vacant for a considerable number of years is crippling. The Senate cannot perform the time-consuming legislative review and investigative work through its committees with 20 per cent of its seats vacant. The Senate cannot be expected to function as a forum for voicing regional interests if there are no voices to be heard.

We believe that, as a general rule, vacancies should be filled within six months. We recommend that all the present vacancies be filled, by appointments for fixed terms of nine years, subject to an express understanding that they could be cut short by the introduction of an elected Senate.

The present composition of the Senate does not represent the social and cultural structure of Canada adequately. This is unacceptable. In filling the present vacancies, priority should be given to correcting this deficiency through the appointment of women, members of aboriginal groups, and members of cultural minorities.

The Senate cannot perform in the manner intended by the fathers of Confederation when the balance of representation between political parties diverges as sharply from current voting patterns as it has in recent years. We urge that new appointments correct this distortion.

We do not suggest any formal consultative procedure for the appointment of future senators, but we believe that such informal consultation with politicians and other community leaders as has been customary in the past should be continued and, preferably, broadened.

The *Constitution Act, 1867* requires that those appointed to the Senate have assets totalling at least $4,000. The original purpose of this requirement is no longer valid, and the property qualification is now anachronistic. The requirement should be removed by a constitutional amendment under section 44 of the *Constitution Act, 1982*.

Witnesses have pointed out that most of the work of the Senate is carried out by a minority of its present members. It was also suggested that being a senator should be a full-time job. Several witnesses argued that attendance rules and conflict of interest guidelines should be strengthened, and that there should be pension arrangements for senators comparable

to those available to other parliamentarians. We see merit in these suggestions and propose that a special committee of the Senate be established to consider the issues and make recommendations. Such recommendations would apply to senators who are appointed. Upon introduction of an elected Senate, the rules and guidelines should be reviewed.

Powers of an appointed Senate

At present, the Senate has powers equivalent to those of the House of Commons, except with regard to money bills and constitutional amendments. Although a money bill can be rejected by the Senate, it cannot be introduced in the Senate. Constitutional amendments require the assent of the House of Commons, but the Senate's assent is not required if the House re-passes the relevant resolution after a lapse of 180 days following its first passage. The Senate therefore has only a suspensive veto over constitutional amendments.

With the exception of constitutional amendments, the Senate's consent is required before any bill, including a money bill, can become law. This requirement is commonly called the Senate's absolute veto. We have already noted that the Senate has been increasingly unwilling to use that veto. Many people have suggested, however, that an appointed Senate would feel less inhibited about using a suspensive veto, and that if it did, senators would be able to play a more important and useful role in their review of legislation emanating from the House of Commons.

We agree that a suspensive veto would be a more suitable instrument in the hands of an appointed Senate than an absolute veto, and would probably be used. We also believe that the availability and occasional use of such a veto would help to facilitate the transition from an appointed Senate to an elected Senate, where a suspensive veto is likely to be used more readily.

The Senate's present absolute veto could not be converted to a suspensive one without a constitutional amendment involving the use of the general amending procedure, because such a change would affect the Senate's powers. However, it has been suggested to us that the Senate, without diminishing its constitutional powers, could adopt a procedure for the more flexible use of its veto, a procedure that would have the effect of making it suspensive.

This procedure could work in the following way. The debate on any bill in the Senate could be adjourned to a subsequent date on the motion of any senator, provided the motion was approved in the debate that followed. Such a procedure is already allowed under the Rules of the Senate. An adjournment of the debate would give notice to the government that the Senate wanted time to negotiate changes to the legislation. If the points at issue were resolved, the bill would be brought back for completion of debate and ultimate disposition. The Senate would, of course, have to approve the bill before it could become law.

This procedure would work best if everyone, in both houses of Parliament, understood the rules: that is, the circumstances in which the procedure would be invoked, the length of the delay for different kinds of bills (if the delay is not to be decided separately for each bill), and other relevant matters. These rules could be incorporated in the existing Rules of the Senate or, with more formality, in a federal statute requiring the consent of both houses. Although a statute would not bind the Senate constitutionally, it would have the advantage of signifying that the procedure laid down was acceptable to both houses.

The use of a suspensive veto would supplement rather than displace what is called the pre-study procedure. Pre-study is a most useful arrangement whereby the Senate can begin its consideration of the subject matter of a bill before it has received third reading in the House of Commons, thereby giving the Senate legislative input without formally amending the bill and without risking confrontation. The Senate achieves this input by communicating its views to the House informally. Pre-study should be continued. Its use with regard to any particular bill could give additional time to resolve differences with the Commons, thus making unnecessary any resort to a suspensive veto. In an elected Senate of the kind we have proposed, pre-study would become even more important because the time for the Senate to dispose of a bill would be limited.

The Standing Joint Committee on Regulations and Other Statutory Instruments, in its Fourth Report to Parliament of 1980, recommended that "All subordinate legislation not subject to a statutory affirmative procedure" (that is, not actually affirmed by both Houses before it can come into effect) "be subject to being disallowed on resolution of either House and that the Executive be barred from re-making any statutory instrument so disallowed for a period of six months from its disallowance". The Standing Joint Committee believed that such a procedure, which would require legislation to put it in place, would act as a salutary check on the quantity, complexity and legal effect of regulations and other subordinate legislation.

This recommendation of the Standing Joint Committee was adopted in the Lamontagne Report on Certain Aspects of the Canadian Constitution, 1980, because the new procedure could give the Senate a powerful instrument for protecting the rights of citizens. Although both houses would have the same powers with respect to subordinate legislation, the Senate, being more independent of the executive, would be more likely to use them. When an elected Senate is established with a suspensive veto, its power to disallow regulations should also be suspensive.

A number of witnesses told us that the Senate could perform a particularly useful role in reviewing subordinate legislation. We are also advised that the Australian Senate has had considerable success in doing this. We concur with the recommendations of the Standing Joint Committee and of the Lamontagne Committee, for the reasons they advanced. As to the reasons advanced by the Lamontagne Committee, we

recognize that the Charter of Rights and Freedoms has since been entrenched in the Constitution, but we imagine that from time to time subordinate legislation is likely to contain measures that escape the ambit of the Charter but impinge unnecessarily on the rights of average Canadians.

Internal organization of the Senate

By virtue of the *Constitution Act, 1867* the Speaker of the Senate is selected by the Governor General. It would be more in keeping with a Senate that enjoys some measure of independence for senators to elect their Speaker. This would be consistent with our proposal for an elected Senate. We therefore recommend that the Speaker be elected and that Parliament pass the necessary constitutional amendment to permit this.

It would help to improve the present and future functioning of the Senate, and to prepare it for the changes that will come with election, if senators were given forthwith, both in Ottawa and their home provinces, services and staff comparable to those available to members of the House of Commons.

We have already noted that the Senate's standing and special committees perform a valuable and necessary role in Parliament. Aside from their legislative review function, in recent years they have investigated significant social and economic issues. The Senate should continue to make extensive use of its investigatory power, and it should be assured of the necessary funds for this purpose. If the Senate were to investigate matters that provoke inter-regional controversy, that would be both useful and appropriate for a body whose principal future role should, in our view, be regional representation.

A number of witnesses pointed out that Senate investigative committees could often assume tasks given to royal commissions and other bodies, at less cost and with the additional benefit that standing committees can follow up on the implementation of their recommendations. We urge that consideration be given to using Senate committees wherever possible.

Some witnesses who advocated the establishment in the Senate of cross-party caucuses for each province and territory argued that there was no reason to wait until an elected Senate is put in place. It is our view that attendance of senators at such caucuses would not be inconsistent with their continued participation in traditional party caucuses.

The transition to an elected Senate

The reforms just described are desirable in themselves, and they should help to ease the transition to the elected Senate that we are recommending —one in which senators would have a good measure of independence of party and whose primary function would be regional representation. The nine-year term, the suspensive veto procedure, the review of subordinate legislation, the election of a Speaker, the activity of investigative committees, and the establishment of cross-party regional caucuses should all contribute to the achievement of these longer-range objectives.

Some reforms would have to be deferred until senators are elected, either because they are more appropriate for an elected Senate, or because they would require the use of the general constitutional amending procedure and could not therefore be implemented quickly. These include a redistribution of what will be a larger number of Senate seats among Canada's provinces and territories, the introduction of a double majority voting procedure for bills of linguistic significance, Senate confirmation of certain federal appointments, the election by the Senate of its own house leaders, and an arrangement to give the Senate control over its own budget.

One important issue remains. How should elected senators replace the senators who have already been appointed until age 75 or for life, and how should the government discharge its obligation to those senators who have to retire?

The constitutional commitment by the government to those senators appointed for life or until age 75 is undisputed. Clearly, any senator who is obliged to resign before the end of his or her term is entitled to appropriate compensation. If, under a phasing-in arrangement, a question arises as to which senators are retired first, every effort should be made to take account of the preferences of individual senators, and the same terms should apply to all.

With regard to the transition to an elected Senate, there are, broadly speaking, two alternatives. All appointed senators could be retired together; or elected senators could be phased in, in three groups, with the result that, for a period of six years, appointed senators and elected senators would serve together.

Under the first alternative, all appointed senators would be retired together, with appropriate pension arrangements. Senate elections would be held in all constituencies to return a full complement of elected senators; but one-third of the initial group of senators from each province would serve for three years, one-third for six years, and one-third for nine years. There would be a special arrangement for the territories, where the number of Senate seats would not be divisible by three.

Under the second alternative, only one-third of the senators for each province would be elected at the first senatorial election. The choice of which constituencies would elect senators at the first, second and third Senate elections would be made by the body entrusted with drawing the constituency boundaries. A sufficient number of appointed senators would be retired, or vacancies would be left unfilled, to make way for the elected senators who would assume office at each election.

If there were 144 seats in the new elected Senate, as we recommend, this phasing in of elected senators would require the removal of fewer appointed senators in the early stages than if there were fewer seats. This figure of 144 is 40 more than the present number of seats, so that only 8 vacancies would be required to make way for the 48 senators who would join the Senate after the first election. These vacancies could arise through natural attrition, or by shortening the nine-year

term of some new appointments. For the second election, three years later, 48 vacancies would be required, and a further 48 would be needed six years after the date of the first election. In the event that there were too many vacancies, we favour short-term appointments to fill them. Those appointed would not be eligible for subsequent election to the Senate.

We see some advantage in the second of the two alternatives — the phasing in of direct elections. We believe that the Senate could benefit considerably during the transition period from having a number of members who had already served for some time and who could continue to bring their experience to the chamber's deliberations.

The question may be asked: if a system of direct election is not established, should the term of those senators who have already been appointed for life or to age 75 be shortened? We believe that this question should be addressed if and when it becomes clear that an elected Senate is unlikely to be put in place. It may, however, be noted that the turnover of membership in the Senate has been fairly rapid. From 1970 to 1980, for example, 59 per cent of the seats in the Senate became vacant. This would suggest that not many years would elapse before most senators had been appointed for nine-year terms.

APPENDIX A

Orders of Reference

Order of Reference from the Senate

Extract from the Minutes of Proceedings of the Senate, December 8, 1983:

"With leave of the Senate,

The Honourable Senator Frith moved, seconded by the Honourable Senator Langlois:

That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country;

That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

That the following Senators be appointed to act on behalf of the Senate on the said Special Joint Committee, namely, the Honourable Senators Asselin, Doody, Leblanc, Le Moyne, Lewis, Lucier, Molgat and Tremblay;

That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;

That the Committee have power to sit during sittings and adjournments of the Senate;

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

That the papers and evidence received and taken on the subject and the work accomplished during the First Session of the Thirty-second Parliament be referred to the Committee;

That the Committee have power to adjourn from place to place within Canada;

That the quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;

That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen;

That the Committee present its final report no later than January 31, 1984; and

That a Message be sent to the House of Commons requesting that House to unite with this House for the above purpose and to select, if the House of Commons deems advisable, members to act on the proposed Special Joint Committee.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative, on division."

CHARLES A. LUSSIER
The Clerk of the Senate

Order of Reference from the House of Commons

Tuesday, December 13, 1983

Ordered,—That the House of Commons do unite with the Senate in the appointment of a Special Joint Committee of the Senate and of the House of Commons to consider and report upon ways by which the Senate of Canada could be reformed in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country.

That the Committee include in its final report recommendations concerning the method of selection, powers, length of term for Senators, distribution of seats and other matters that the Committee considers relevant to the reform of the Senate;

That the Members of the House of Commons to act on behalf of the House as members of the said Committee be Mr. Comtois, Mr. Cosgrove, Mr. Crosby (Halifax West), Mr. Gourde (Lévis), Mr. Harquail, Mr. Jarvis, Mr. Murphy, Mr. Portelance, Mr. Roy and Mr. Thacker;

That the Committee have power to appoint, from among its members, such sub-committees as it may deem advisable or necessary;

That the Committee have power to sit during sittings and adjournments of the House;

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

That the Committee have power to adjourn from place to place within Canada;

That a quorum of the Committee be 10 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Committee be authorized to hold meetings, to receive evidence and authorize the printing thereof, whenever 5 members are present, so long as both Houses are represented;

That the Committee be empowered to retain the services of professional, clerical and stenographic staff as deemed advisable by the Joint Chairmen and that for these purposes the Committee be deemed never to have ceased to exist;

That the Committee present its final report no later than January 31, 1984;

That the evidence adduced by the Committee in the first session of the present Parliament be referred to the Committee; and

That a Message be sent to the Senate to inform that House accordingly.

ATTEST

C. B. KOESTER
The Clerk of the House of Commons

APPENDIX B

Committee Witnesses

Witnesses who appeared before the Committee are listed in alphabetical order. The issue number of the Minutes of Proceedings and Evidence is indicated in parentheses.

ALBERTA CHAMBER OF COMMERCE AND EDMONTON CHAMBER OF COMMERCE (Issue 17)

Day, Brigham, General Manager, Alberta Chamber of Commerce
George, E.A., President, Edmonton Chamber of Commerce
McKillop, D.L., Alberta Chamber of Commerce
Lock, G.S.L., Edmonton Chamber of Commerce

ALLMAND, Hon. Warren, P.C., M.P. (Issue 3)

ARMSTRONG, Kay (Issue 26)

ASSOCIATION OF METIS AND NON-STATUS INDIANS OF SASKATCHEWAN (Issue 25)

Sinclair, Jim, President
Durocher, Jim, Provincial Treasurer

BEAUDOIN, Gérald, Professor, University of Ottawa (Issue 11)

BELL, Hon. Senator Ann Elizabeth (Issue 30)

BENTON, S.B., Professor, University of New Brunswick (Issue 16)

BERNARD, André, Professor, *Université du Québec à Montréal* (Issue 1)

BIRD, Hon. Florence (Issue 2)

BLAKENEY, Hon. Allan, P.C., Leader of the Official Opposition, Saskatchewan (Issue 25)

BOLTON, Ken (Issue 17)

BOSA, Hon. Senator Peter (Issue 9)

BOSWELL, Peter G., Professor, Memorial University (Issue 15)

BRAID, Don (Issue 17)

BROWN, Harold (Issue 24)

BROWNE, Hon. William, J., P.C. (Issue 15)

BRUSHETT, Sam (Issue 13)

BUCKWOLD, Hon. Senator Sidney (Issue 4)

BURNS, R.M., Professor, Queen's University (Issue 7)

BUSINESS COUNCIL ON NATIONAL ISSUES (Issue 29)

d'Aquino, Thomas, President
Heffernan, Jerry, Chairman, Task Force on Government Organization

CANADA WEST FOUNDATION (Issue 17)

McCormick, Peter

CANADIAN BAR ASSOCIATION (Issue 21)

McKercher, Robert H., National President Elect
Blond, Les, Chairman, Special Committee on Senate Reform
MacPherson, James, Member of the Special Committee on Senate Reform

CANADIAN INSTITUTE OF STRATEGIC STUDIES (Issue 12)

Bell, George, President

CANADIAN POLISH CONGRESS (Issue 12)

Malicki, Mark, Vice-President
Gertler, Wladyslaw, Chairman
Kogler, Rudolf, Vice-President

CAPON, Paul (Issue 17)

CARREL, André Jean (Issue 19)

COMMUNIST PARTY OF CANADA (Issue 12)

Kashtan, William, Leader
Doig, Mel, Member of the Central Executive Committee

COUNCIL OF NATIONAL ETHNOCULTURAL ORGANIZATIONS OF CANADA (Issue 12)

Leone, Laureano, President
Parekh, Navin, First Vice-President

Krombergs, Talivaldis, Second Vice-President
CRÊTE, Jean, Professor, *Université Laval* (Issue 10)

CULP, Ted W. (Issue 12)

DAY, John Patrick (Issue 17)

DION, Léon, Professor, *Université Laval* (Issues 7 and 28)

DOBELL, W.M., Professor, University of Western Ontario (Issue 12)

DONAHOE, Hon. Senator Richard (Issue 13)

DUDA, Michael (Issue 12)

ELTON, David, Professor, University of Lethbridge and President, Canada West

Foundation (Issue 4)
FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC INC. (Issue 20)

Létourneau, Léo, President
Lafontaine, Jean-Bernard, Director General
Archibald, Clinton, Advisor
FORSEY, Hon. Eugene (Issue 3)

FORTIN, Ghislain (Issue 27)

FRITH, Hon. Senator Royce (Issue 1)

GODFREY, Hon. Senator John (Issue 31)

GOVERNMENT OF NEW BRUNSWICK (Issue 16)

Hatfield, Hon. Richard, Premier
GOVERNMENT OF THE NORTHWEST TERRITORIES (Issue 18)

Braden, Hon. George, Leader of the Elected Executive
Lal, Stien K., Deputy Minister, Justice and Public Services
GOVERNMENT OF PRINCE EDWARD ISLAND (Issue 14)

Lee, Hon. James, Premier
McMahon, Hon. George, Minister of Justice and of Labour
HAMMING, Anco (Issue 14)

HICKS, Hon. Senator Henry (Issue 4)

HODGINS, Barbara (Issue 17)

HOYT, John (Issue 19)

HUMAN RIGHTS INSTITUTE OF CANADA (Issue 30)

Ritchie, Marguerite, President
Nixon, Mary-Anne, Legal Consultant
Nickson, May, Member
INA FINANCIAL SERVICES, INC. (Issue 12)

Baptista, Joe
INNES, David (Issue 12)

INUIT COMMITTEE ON NATIONAL ISSUES (Issue 31)

Tagoona, Eric, Chief Negotiator
Amagoalik, John, Co-Chairman
Simon, Mary, President, Makivik Corporation

Gordon, Mark, First Vice-President, Makivik Corporation
IRVINE, William, Professor, Queen's University (Issue 8)

IWANUS, Jaroslaw (Issue 24)

JACKSON, Robert, Professor, Carleton University (Issue 9)

KALEVAR, Chaitanya Keshavrao (Issues 12 and 31)

KEYES, Thomas E. (Issue 25)

LANDES, Ronald G., Professor, Saint Mary's University (Issue 13)

LANG, Hon. Senator Daniel (Issue 20)

LAROCHELLE, A. (Issue 12)

LEESON, Howard, Professor, University of Regina (Issue 25)

LEMIEUX, Vincent, Professor, *Université Laval* (Issue 27)

LIBERAL PARTY OF CANADA IN ALBERTA (Issue 17)

Russell, R.A., President
McKercher, Brian, Member of the Policy Committee
LINGEMAN, Daniel (Issue 13)

LOUIS RIEL METIS ASSOCIATION OF BRITISH COLUMBIA (Issue 26)

House, Fred, President
Story, Fred, British Columbia Technician of Metis National Council
MACGUIGAN, Hon. Mark, P.C., Minister of Justice (Issues 6 and 10)

MAINE, Frank (Issue 12)

MANITOBA BAR ASSOCIATION (Issue 23)

Nerbas, Grant, Chairman
Cantlie, Ron
Lamont, John
Square, Brian
Matas, David
MCILRAITH, Hon. Senator George J., P.C., (Issue 7)

MCNEIL, M.H. (Issue 16)

MCVICAR, J.S. (Issue 26)

MCWHINNEY, Edward, Professor, Simon Fraser University (Issue 6)

MEISEL, John (Issue 10)

METIS ASSOCIATION OF ALBERTA (Issue 17)

Sinclair, Sam, President
Haineault, Bill, Constitutional Coordinator
METIS NATIONAL COUNCIL (Issue 22)

Guiboche, Ferdinand, Chairman, Constitution Committee, Manitoba Metis Federation

Sinclair, Jim, President, Association of Metis and Non-Status Indians
of Saskatchewan

Sinclair, Sam, President, Metis Association of Alberta

NATIVE COUNCIL OF CANADA (Issue 20)

Bruyère, Louis, President
Gould, Gary, Chairman of the Constitution Committee

NEARY, Stephen, Leader of the Opposition, Newfoundland (Issue 15)

NEIMAN, Hon. Senator Joan (Issue 11)

NEW BRUNSWICK ASSOCIATION OF METIS AND NON-STATUS INDIANS (Issue 16)

Gould, Gary, President

NOTLEY, Grant, Leader of the Official Opposition, Alberta (Issue 17)

NOVA SCOTIA LIBERAL ASSOCIATION (Issue 13)

Moore, Wilfred

OLSON, Hon. Senator H.A., P.C., (Issue 30)

OSLER, Edmund B. (Issue 23)

PANJABI LITERARY SOCIETY (Issue 12)

Gill, T.S.

PATERSON, Don (Issue 17)

PATTERSON, Stanley R. (Issue 12)

PELLETIER, Réjean, Professor, *Université Laval* (Issue 27)

PERRAULT, Hon. Senator Ray, P.C., (Issue 31)

PETERSON, David, Leader of the Official Opposition, Ontario (Issue 12)

PITFIELD, Hon. Senator Michael (Issues 30 and 31)

RAE, Bob, Leader of the New Democratic Party of Ontario (Issue 12)

REDMAN, B.A. (Issue 13)

RÉMILLARD, Gil, Professor, *Université Laval* (Issue 6)

ROBLIN, Hon. Senator Duff, P.C., (Issue 24)

RUSSELL, Peter, Professor, University of Toronto (Issue 3)

SCHUMIATCHER, M.C. (Issue 25)

SIMEON, Richard, Professor, Queen's University (Issue 4)

SMILEY, Donald, Professor, York University (Issue 30)

SMITH, Jennifer, Professor, Dalhousie University (Issue 13)

SOCIÉTÉ SAINT-THOMAS D'AQUIN (Issue 14)

Bernard, Alcide
Doiron, Jean

SOUTHWOOD, Thomas (Issue 26)

SPAFFORD, Duff, Professor, University of Saskatchewan (Issue 25)

STANFIELD, Hon. Robert L., P.C. (Issue 7)

STEPSURE ASSOCIATES AND BUSINESS INFORMATION GROUP (Issue 12)

Gerol, Basil
Richard, Mike

STEVENS, Johannes (Issue 12)

STEVENSON, Garth, Member, Constitutional Policy Committee, Alberta N.D.P. (Issue 17)

TAYLOR, Nick, Leader of the Liberal Party of Alberta (Issue 17)

THÉRIAULT, Hon. Senator L. Norbert (Issue 16)

UNIVERSITY OF OTTAWA (Issue 31)

Gaboury, Jean-Pierre, Professor
Charron, Lucie, Student
Dubé, Roxanne, Student
Larue, Stéphane, Student
Roy, Alain, Student
Morin, Julie, Teaching Assistant

UNIVERSITY OF VICTORIA (Issue 26)

Blois, Darren, Student
Henderson, Timothy D., Student
Forest, David, Student
Gartshore, David, Student

VAN ROGGEN, Hon. Senator George (Issue 30)

VELSHI, Murad (Issue 12)

WABISCA, Dorothy (Issue 19)

WESTERN CANADA CONCEPT PARTY OF ALBERTA (Issue 17)

Marshall, F.C., Acting President
Hurst, Lorne, Member

WHITEHORSE CHAMBER OF COMMERCE (Issue 19)

Duncan, Patricia

WHYARD, Flo (Issue 19)

WRIGHT, C.P. (Issue 13)

YURKO, William J., M.P. (Issue 5)

APPENDIX C

Submissions Received

The Committee received written material (articles, briefs, reports or letters) from the following groups and individuals:

ACLAND, Peter	Burnaby	British Columbia
AFRO-ASIAN FOUNDATION OF CANADA	Montreal	Quebec
ALAYAI, Repa Krishna	Toronto	Ontario
ALBERTA CHAMBER OF COMMERCE	Edmonton	Alberta

ALBERTA, Government of	Edmonton	Alberta
ALLMAND, Warren, P.C., M.P.	Ottawa	Ontario
ARKELIAN, A.J.	Oshawa	Ontario
ASSEMBLY OF FIRST NATIONS	Ottawa	Ontario
ASSOCIATION OF METIS AND NON-STATUS INDIANS OF SASKATCHEWAN	Regina	Saskatchewan
BANKS, Margaret A.	London	Ontario
BANWELL, F.D.	Vancouver	British Columbia
BASTIEN, William F.	Toronto	Ontario
BAUGH, David J.	Toronto	Ontario
BEAUDOIN, Gérald	Ottawa	Ontario
BECK, Gerry	Edmonton	Alberta
BENTON, S.B.	Fredericton	New Brunswick
BERNARD, André	Montreal	Quebec
BLAKENEY, Allan, M.L.A.	Regina	Saskatchewan
BLOUIN, George	Saskatoon	Saskatchewan
BOLAND, Frank	North Bay	Ontario
BOOTH, William	Cobourg	Ontario
BOSA, Peter, Senator	Toronto	Ontario
BOSWELL, Peter	St. John's	Newfoundland
BOW, Eric C.	Toronto	Ontario
BRAID, Don	Edmonton	Alberta
BRAUN, Kenneth N.	Kanata	Ontario
BRITISH COLUMBIA, Government of	Victoria	British Columbia
BROOKER, Elmer	Edmonton	Alberta
BROWN, Stu	Annapolis Royal	Nova Scotia
BUCKWOLD, Sidney, Senator	Saskatoon	Saskatchewan
BURNS, R.M.	Victoria	British Columbia
BURRI, Jean-Pierre	Montreal	Quebec
BURTON, Philip J.	Calgary	Alberta
BUSER, Frederick	Ottawa	Ontario
BUSINESS COUNCIL ON NATIONAL ISSUES	Ottawa	Ontario
CALGARY SOUTH LIBERAL ASSOCIATION	Calgary	Alberta
CANADA WEST FOUNDATION	Edmonton	Alberta
CANADIAN BAR ASSOCIATION	Ottawa	Ontario
CANADIAN MULTICULTURALISM COUNCIL	Ottawa	Ontario
CANADIAN POLISH CONGRESS	Toronto	Ontario
CAPON, Paul	Thunder Bay	Ontario
CARREL, André Jean	Whitehorse	Yukon
CARVER, Horace, M.L.A.	Charlottetown	Prince Edward Island
CASEY, Brian	Toronto	Ontario
CENTRAL INTERIOR TRIBAL COUNCILS	Kamloops	British Columbia
CHEMICAL INSTITUTE OF CANADA	Guelph	Ontario
CITARELLA, Rino	Toronto	Ontario
CLAGUE, Robert E.	Winnipeg	Manitoba
CLIFTON, N. Roy	Richmond Hill	Ontario
CLYNE, J.V.	Vancouver	British Columbia
COMMUNIST PARTY OF CANADA	Toronto	Ontario
COUNCIL FOR CANADIAN UNITY	Montreal	Quebec
COUNCIL OF ETHNOCULTURAL ORGANIZATIONS OF CANADA	Toronto	Ontario
CRÊTE, Jean	Quebec	Quebec
D'AUGEROT-AREND, Sylvie	Toronto	Ontario
DAY, John Patrick	Edmonton	Alberta
DAVIES, Keith	Metcalfe	Ontario
DÉCARY, Robert	Hull	Québec
DILTZ, C.H.	Uxbridge	Ontario
DION, Léon	Quebec	Quebec
DOBELL, W.M.	London	Ontario
DONAHOE, Marie	Charlottetown	Prince Edward Island
DONNELLY, Peter	Victoria	British Columbia
DUDA, Michael	Toronto	Ontario
DULMAGE, Isabelle	Surrey	British Columbia
DUSANJ, John H.S.	Vancouver	British Columbia
DVORAK, Allan	Scarborough	Ontario
ELTON, David	Calgary	Alberta
EVANS, Violet	Saskatoon	Saskatchewan
FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC INC.	Ottawa	Ontario
FILSON, D.G.	Scarborough	Ontario
FISHER, F.H.	Medicine Hat	Alberta
FISHER, John I.	North Battleford	Saskatchewan
FLEMING, Bill	Toronto	Ontario
FLUKE, John	Thessalon	Ontario
FONTAINE, Alain	Cap-de-la-Madelaine	Quebec
FOOKS, John	Windsor	Ontario
FORD, Michael	Edmonton	Alberta
FORSEY, Eugene	Ottawa	Ontario
FORTIN, Ghislain	Quebec	Quebec
FRITH, Royce, Senator	Perth	Ontario
GALLAGHER, J.P.	Calgary	Alberta
GALLIGAN, Brian	Tasmania	Australia
GELLER, Vincent	Toronto	Ontario
GEORGAS, Sherry	Burlington	Ontario

GEROL, Basil	Toronto	Ontario
GIBBINS, Roger	Calgary	Alberta
GILL, Tarlochan S.	Toronto	Ontario
GINOU, Alex	Agincourt	Ontario
GIORDANO, George	Toronto	Ontario
GODFREY, John, Senator	Toronto	Ontario
GOETZ, David S.	Brampton	Ontario
GOLLNER, J.	Nepean	Ontario
GREEN PARTY OF ONTARIO	Hawkesbury	Ontario
GROLLE, E. Hendrik	Regina	Saskatchewan
GUTOWSKI, F.G.	Calgary	Alberta
HAIDASZ, Stanley, Senator	Toronto	Ontario
HALEY, Richard	Pickering	Ontario
HAMMING, Anco	Cornwall	Prince Edward Island
HANNEN, P.D.	Montreal	Quebec
HATFIELD, H.R.	Penticton	British Columbia
HAZLEY, Gail A.	St. Catherines	Ontario
HERBERT, Hal, M.P.	Vaudreuil	Quebec
HICKS, Henry, Senator	Halifax	Nova Scotia
HITTRICH, Jack J.	Vancouver	British Columbia
HODGINS, Barbara	Calgary	Alberta
HOFF, M.	Calgary	Alberta
HOTZ, M.C.B.	Ottawa	Ontario
HUDSON, T.B.	Calgary	Alberta
HUGHES, Ken	Calgary	Alberta
HULL, W.H.N.	St. Catharines	Ontario
HUMAN RIGHTS INSTITUTE OF CANADA	Ottawa	Ontario
INA FINANCIAL SERVICES, INC.	Toronto	Ontario
INFOMARKETING LTD.	Halifax	Nova Scotia
INNES, David C.	Agincourt	Ontario
INUIT COMMITTEE ON NATIONAL ISSUES	Ottawa	Ontario
IRVINE, William	Kingston	Ontario
IWANUS, Jaroslaw	Winnipeg	Manitoba
JACKSON, Robert	Ottawa	Ontario
JAMIESON, Ronald A.	Willowdale	Ontario
JOHNSON, J. Dalziel	St. Thomas	Ontario
KALEVAR, Chaitanya K.	Toronto	Ontario
KEYES, Thomas E.	Regina	Saskatchewan
KILGOUR, D. Marc	Waterloo	Ontario
KITCHENER CHAMBER OF COMMERCE	Kitchener	Ontario
KOREY, George	Toronto	Ontario
KWAVNICK, David	Ottawa	Ontario
LACHANCE, Claude-André, M.P.	Rosemont	Quebec
LAFOND, Paul, Senator	Hull	Quebec
LANDES, Ronald	Halifax	Nova Scotia
LANG, Daniel, Senator	Toronto	Ontario
LAPOINTE, Malcolm	Toronto	Ontario
LAROCHELLE, A.	Toronto	Ontario
LEESON, Howard	Southey	Saskatchewan
LEMIEUX, Vincent	Quebec	Quebec
LETHBRIDGE FOOTHILLS LIBERAL ASSOCIATION	Lethbridge	Alberta
LEVESQUE, Terrence J.	Waterloo	Ontario
LIBERAL PARTY OF CANADA IN ALBERTA	Edmonton	Alberta
LISTER, Rota	Waterloo	Ontario
LIVERMORE, Ian	Calgary	Alberta
LONG, J.	Toronto	Ontario
LOUIS RIEL METIS ASSOCIATION OF BRITISH COLUMBIA	Victoria	British Columbia
LOVELL, W. Lawrence	Orangeville	Ontario
LUSSIER, Michel	Montreal	Quebec
LUTTON, Lois	Saint John	New Brunswick
LYON, Vaughan	Peterborough	Ontario
LYTTLE, R. Orville	Clearbrook	British Columbia
MACGUIGAN, Hon. Mark, P.C., M.P., Minister of Justice	Ottawa	Ontario
MACKINNON, Frank	Calgary	Alberta
MADDEN, Wayne	Fort McMurray	Alberta
MAINE, Frank	Guelph	Ontario
MAINS, Geoff	Vancouver	British Columbia
MALLORY, J.R.	Montreal	Quebec
MANITOBA, Government of	Winnipeg	Manitoba
MANITOBA BAR ASSOCIATION	Winnipeg	Manitoba
MANNING, Ernest, P.C.	Edmonton	Alberta
MARSHALL, Jack, Senator	Cornerbrook	Newfoundland
MARSHALL, Terrance	Ancaster	Ontario
MASON, M. Stephanie	Toronto	Ontario
MAYES, Brian	Winnipeg	Manitoba
MCCORMICK, Peter	Calgary	Alberta
MCGOWAN, John	Richmond	British Columbia
MCMANUS, O.R.	Sydney	Nova Scotia
MCVICAR, J. Stanley	Richmond	British Columbia
MCWHINNEY, Edward	Burnaby	British Columbia
METIS ASSOCIATION OF ALBERTA	Edmonton	Alberta
METIS NATIONAL COUNCIL	Ottawa	Ontario
MEYER, Jack Lazar	Calgary	Alberta
MITCHELL, John	Dollard des Ormeaux	Quebec
MITTON, Susan	Oshawa	Ontario
MOONEY, Monica	Saint John	New Brunswick
MOORE, Wilfred	Halifax	Nova Scotia
MORISON, James	Calgary	Alberta
MURRAY, David	Burnaby	British Columbia

NADLER, Joseph	Montreal	Quebec
NATIVE COUNCIL OF CANADA	Ottawa	Ontario
NEARY, Stephen, M.L.A.	St. John's	Newfoundland
NEW BRUNSWICK ASSOCIATION OF METIS AND NON-STATUS INDIANS	Fredericton	New Brunswick
NORTHWEST TERRITORIES, Government of	Yellowknife	Northwest Territories
NOTLEY, Grant, M.L.A.	Edmonton	Alberta
NOWAK, W.S.W.	Paradise	Newfoundland
NOWLAN, Pat, M.P.	Wolfville	Nova Scotia
OLSON, (Bud) H.A., P.C., Senator	Ottawa	Ontario
ONTARIO, Government of	Toronto	Ontario
ONTARIO PROGRESSIVE CONSERVATIVE YOUTH ASSOCIATION	Toronto	Ontario
OSLER, Edmund	Winnipeg	Manitoba
PAHL, Daniel R.	Edmonton	Alberta
PATTERSON, S.R.	Unionville	Ontario
PEEVER, Donald	Pembroke	Ontario
PELLETIER, Réjean	Quebec	Quebec
PENIKETT, Tony, M.L.A.	Whitehorse	Yukon
PETERSON, David, M.P.P.	Toronto	Ontario
PETTICK, Joseph	Regina	Saskatchewan
PIDDISI, Frank Peter	Toronto	Ontario
PITFIELD, P.M., Senator	Ottawa	Ontario
PONCELET, M.	Ottawa	Ontario
POOLE, David A.	Edmonton	Alberta
PRINCE EDWARD ISLAND, Government of	Charlottetown	Prince Edward Island
PRIOR, John G.	Vernon	British Columbia
QUITTNER, Joe	Toronto	Ontario
RAE, Bob, M.P.P.	Toronto	Ontario
RAMAUTARSINGH, Tom	Georgetown	Ontario
RAY, A.K.	Gloucester	Ontario
RÉMILLARD, Gil	Quebec	Quebec
RICHARD, Mike	Toronto	Ontario
ROBB, Michael	Hay River	Northwest Territories
ROBERGE, P.	Edmonton	Alberta
ROBERTS, Stan	Vancouver	British Columbia
ROBERTSON, Gordon	Ottawa	Ontario
ROBINSON-KEYS, Christopher	Burlington	Ontario
ROBLIN, Duff, P.C., Senator	Winnipeg	Manitoba
ROSARIO, Edgar	Vancouver	British Columbia
ROSS, Gordon	Halifax	Nova Scotia
ROWAN, Marc	Fort McMurray	Alberta
RUBIDGE, Gregory	St. Clair Beach	Ontario
RUDNYCKYJ, J.B.	Montreal	Quebec
RUSSELL, Peter	Toronto	Ontario
RUSSO, C.	Toronto	Ontario
SASKATCHEWAN, Government of	Regina	Saskatchewan
SCHROEDER, B.A.	High River	Alberta
SÉNÉCAL, Lior	Montreal	Quebec
SETO, David	Chicoutimi	Quebec
SHAINHOUSE, J. Zev	Scarborough	Ontario
SHERIDAN, Michael	Hamilton	Ontario
SMALL, George and Lorraine	Merville	British Columbia
SMILEY, Don	Toronto	Ontario
SMITH, Colin Henderson	Vancouver	British Columbia
SMITH, Jennifer	Halifax	Nova Scotia
SMITH, Jerry	Medicine Hat	Alberta
SMITH, William	Winnipeg	Manitoba
SMITHS FALLS DISTRICT COLLEGIATE INSTITUTE	Smiths Falls	Ontario
SMYTHE, John W.C.	Lloydminster	Alberta
SOCIÉTÉ SAINT-THOMAS D'AQUIN	Summerside	Prince Edward Island
SOLLOSY, Albert	Plunkett	Saskatchewan
SOUTHWOOD, Thomas	Victoria	British Columbia
SPAFFORD, Duff	Regina	Saskatchewan
STEIN, Brian	Edmonton	Alberta
STEIN, Carol	Calgary	Alberta
STEIN, Patrick	Calgary	Alberta
STENDEBACH, Jim	Lethbridge	Alberta
STEVENS, Johannes	Oakville	Ontario
SUTHERLAND, Toni Ann	Vancouver	British Columbia
SWENSON, Orville	Edmonton	Alberta
TAYLOR, Nick	Edmonton	Alberta
TENNANT, Walton and Betty	Kamloops	British Columbia
THIBAULT, Joe	Calgary	Alberta
THOMAS, David	Richmond Hill	Ontario
THOMPSON, Paul	Abbotsford	British Columbia
THOMSON, Dale C.	Montreal	Quebec
THORSELL, William	Edmonton	Alberta
TILLEMA, Kloas	Chatham	Ontario
TIMBERS, W.G.	Red Deer	Alberta
TOFFOLI, Garry	Toronto	Ontario
TOMKA, Edward	Ottawa	Ontario
TURNBULL, Colin and Dorothy	Prince George	British Columbia
UHR, John	Canberra	Australia
UNIVERSITY OF OTTAWA, students of	Ottawa	Ontario
UNIVERSITY WOMEN'S CLUB OF VANCOUVER	Vancouver	British Columbia
UTZIG, Richard H.	Calgary	Alberta
VELSHI, Murad	Toronto	Ontario

WALKER, F.H.	Victoria	British Columbia
WARNE, Keith	Toronto	Ontario
WARNKE, Allan	Vancouver	British Columbia
WE, THE PEOPLE!	Saskatoon	Saskatchewan
WEDDING, Adrian P.	Winnipeg	Manitoba
WESTERNELL, William	Coquitlam	British Columbia
WHITE, Carl	Lunenberg	Nova Scotia
WHITEHORN, Alan	Kingston	Ontario
WHITEHORSE CHAMBER OF COMMERCE	Whitehorse	Yukon
WILLIAMS, Marc	Outremont	Quebec
WILLIAMS, Robert J.	Waterloo	Ontario
WILSON, Christopher	Nanaimo	British Columbia
WILSON, Douglas	Vancouver	British Columbia
WILSON, R.G.	Stony Mountain	Manitoba
WINTEMUTE, Paul	Niagara Falls	Ontario
WRIGHT, C.P.	Wolfville	Nova Scotia
YANCHULA, Joseph	Calgary	Alberta
YUKON, Government of	Whitehorse	Yukon
YURKO, Bill, M.P.	Edmonton	Alberta

APPENDIX D

Public Hearings

ISSUE No.	DATE	LOCATION
1	May 31, 1983	OTTAWA, Ontario
2	June 1, 1983	OTTAWA, Ontario
3	June 2, 1983	OTTAWA, Ontario
4	June 14, 1983	OTTAWA, Ontario
5	June 15, 1983	OTTAWA, Ontario
6	June 16, 1983	OTTAWA, Ontario
7	June 21, 1983	OTTAWA, Ontario
8	June 22, 1983	OTTAWA, Ontario
9	June 23, 1983	OTTAWA, Ontario
10	June 28, 1983	OTTAWA, Ontario
11	June 29, 1983	OTTAWA, Ontario
12	September 8, 1983	TORONTO, Ontario
13	September 13, 1983	HALIFAX, Nova Scotia
14	September 14, 1983	CHARLOTTETOWN, Prince Edward Island
15	September 15, 1983	ST. JOHN'S, Newfoundland
16	September 16, 1983	FREDERICTON, New Brunswick
17	September 20, 1983	EDMONTON, Alberta
18	September 21, 1983	YELLOWKNIFE, Northwest Territories
19	September 22, 1983	WHITEHORSE, Yukon
20	September 27, 1983	OTTAWA, Ontario
21	September 28, 1983	OTTAWA, Ontario
22	September 29, 1983	OTTAWA, Ontario
23	October 3, 1983	WINNIPEG, Manitoba
24	October 4, 1983	WINNIPEG, Manitoba
25	October 5, 1983	REGINA, Saskatchewan
26	October 6, 1983	VICTORIA, British Columbia
27	October 12, 1983	QUEBEC CITY, Quebec
28	October 13, 1983	QUEBEC CITY, Quebec
29	October 17, 1983	OTTAWA, Ontario
30	October 18, 1983	OTTAWA, Ontario
31	October 25, 1983	OTTAWA, Ontario

APPENDIX E

Committee Staff

Paul Belisle, Clerk from the Senate
Maija Adamsons, Clerk from the House of Commons

from the Parliamentary Centre for Foreign Affairs and Foreign Trade
John Hayes, Director of Research
Peter Dobell, Study Director

from the Research Branch, Library of Parliament
Bruce Carson, Research Associate
Louis Massicotte, Research Associate
John Terry, Research Associate

from the Humphreys Group (communications consultants)
David Humphreys, Margot Maguire

Report editing and production
Kathryn J. Randle, Editor

French editor
Mario Pelletier

THE SENATE

Thursday, February 2, 1984

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

Prayers.

NORTHERN PIPELINE

REPORT OF COMMITTEE EXPENSES TABLED

Hon. Earl A. Hastings, Chairman of the Special Committee of the Senate on the Northern Pipeline appointed in the First Session of the Thirty-second Parliament to examine and consider such legislation and other matters as were referred to it, with power to incur expenses in connection therewith, reported, pursuant to rule 84(4), the expenses incurred by the committee during the First Session of the Thirty-second Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

NATIONAL FINANCE

FIRST REPORT OF COMMITTEE TABLED

Hon. C. William Doody, Chairman of the Standing Senate Committee on National Finance, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-Second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

BANKING, TRADE AND COMMERCE

THIRD REPORT OF COMMITTEE TABLED

Hon. A. Irvine Barrow, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, which was authorized by the Senate to incur special expenses for the purpose of its examination and consideration of legislation and other matters referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE—PROPOSED AUTHORIZATION—NOTICE OF MOTION

Hon. Herbert O. Sparrow: Honourable senators, I give notice that on Tuesday, February 7, 1984, I will move:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be empowered, without special reference by the Senate, to hear submissions from representatives of agricultural, fisheries, forestry and related industries; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required to carry out its mandate.

STANDING SENATE COMMITTEE—PROPOSED EXAMINATION OF SOIL AND WATER CONSERVATION—NOTICE OF MOTION

Hon. Herbert O. Sparrow: Honourable senators, I give notice that on Tuesday, February 7, 1984, I will move:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the subject-matter of soil and water conservation throughout Canada;

That the Committee have power to adjourn from place to place within Canada; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 7th February, 1984, at two o'clock in the afternoon.

He said: Honourable senators, the plan for next week is to sit on Tuesday afternoon and Thursday afternoon at 2 p.m., leaving Wednesday afternoon free for meetings of committees.

Motion agreed to.

QUESTION PERIOD

[*English*]

NATIONAL REVENUE

TAX EVASION—PUBLICATION OF LIST—GOVERNMENT POLICY

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Acting Leader of the Government in the Senate which has to do with the announcement by the Department of

National Revenue of the publication and circulation of a list of 107 persons or firms which had been convicted of income tax evasion between March and September of 1983. I do not object to that at all. The same list, however, contains the names of all persons and firms acquitted of tax evasion.

My question is: Is it the policy of the department—and is it going to be the policy of this government with respect to any kind of offence—to publicize the names of those persons who are not guilty of offences?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I am not aware of any such policy. The only possible reason I can think of for publishing the name of someone who has been acquitted of an offence is to make it clear that that person has been acquitted. That, in turn, would be irrelevant unless the public knew he was charged in the first place.

Honourable senators, I will obtain a more specific answer. I hope that that is not the policy of the department because I share the concern that is implied in Senator Nurgitz's question.

EMPLOYMENT AND IMMIGRATION

PROPOSED TASK FORCE ON YOUTH UNEMPLOYMENT

Hon. Jack Marshall: Honourable senators, my question is also directed to the Acting Leader of the Government. It has to do with the suggestion of the Canadian Chamber of Commerce that the federal government consider establishing a short-term task force to examine the youth unemployment problem. I do not usually agree with the establishment of task forces, since I believe that any problem of the country should be dealt with by the people's representatives sitting in Parliament. Is the acting leader aware of any move toward the creation of such a task force?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have received no specific information about the establishment of such a task force. I share with Senator Marshall his concern about this serious problem. When seeking the information, I will also inquire about the action that could be taken by Parliament, rather than by a task force, as Senator Marshall has suggested.

Senator Marshall: Recently, I read of a good idea promoted in one of the newspapers. The Thatcher government, in the United Kingdom, has introduced a youth training initiative whereby all those leaving school at the age of 16, and most unemployed 17-year-olds, are guaranteed on-the-job training. Perhaps this is something that the federal government should be seriously considering.

While the acting leader is inquiring into the establishment of the task force, perhaps he could mention this idea. The Canadian government, it seems to me, should be doing more to prevent the waste of our youth. There are young people who, over the last decade, have not even known what it is to have a job. Perhaps the acting leader could bring this serious situation to the attention of the Minister of Employment and Immigration, who seems reasonable in his approach to many unemployment problems.

Senator Frith: Honourable senators, I know that the minister responsible is very concerned about the problem outlined by Senator Marshall. I do not know whether he is aware of the program initiated in Britain. I will see to it that Senator Marshall's comments are drawn to the attention of the minister.

REGIONAL INDUSTRIAL EXPANSION

PUBLICATION OF FEDERAL GOVERNMENT INVESTMENTS IN PROVINCES

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I have a question that I should like to direct to the Acting Leader of the Government. The Department of Regional Industrial Expansion has recently issued a news release, part of which gives a list of federal government investments in Quebec, as announced since March 1983. My question is as to the purpose of this announcement. Is it the intention of the government to give corresponding figures for the other provinces?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I will try to get an answer to that question.

TRANSPORT

NEWFOUNDLAND—TRANS-CANADA HIGHWAY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on January 19, concerning highways.

Although construction, upgrading and maintenance of provincial highways, including the Trans-Canada Highway, are a provincial responsibility, Transport Canada has demonstrated its willingness to share this responsibility through negotiated individual cost-sharing agreements with the provinces. Specifically, Newfoundland has received, through the Canadian Newfoundland Primary Highway Strengthening Improvement Program, assistance in excess of $95 million.

Under the Road Construction Program implemented as part of the Special Recovery Capital Projects Program 1983-86, the federal government is providing $35 million of the $44.5 million program. While having limited impact on the Trans-Canada Highway, it illustrates the level of present federal government funding of road construction activities in Newfoundland.

Honourable senators, I have not worked out the percentage, but the amount is $35 million of a total of $44.5 million. That is the federal government's contribution.

An agreement in principle—and I believe that Senator Marshall was particularly interested in this aspect—was reached between the Minister of Transport and the Newfoundland Minister of Transportation on December 6, 1983.

Accordingly, an economic regional development agreement and a transportation sub-agreement are presently being developed by officials of both governments to replace the current financial envelope concept. These agreements will provide future funding for support of highway construction and road development in Newfoundland.

WESTERN GRAIN STABILIZATION ACT

PROPOSED AMENDMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have been asked by Senator Argue to provide an answer to a question asked of him by Senator Roblin. I believe that he wrote to Senator Roblin about it. Senator Roblin's question concerned a Canada Grains Council report dealing with the proposal for an income insurance program. That proposal was contained in the final report of the Grain Production Committee to the Canada Grains Council.

Senator Argue is unable to be present today and he has therefore asked me to make that report available. I have two copies of it. It is not a private report, but an internal one, and I am told that that is the reason it is not in both official languages.

I suggest that I table one copy and give Senator Roblin the other. The report is fairly lengthy, and I do not think we should incorporate it in the record until we have at least received a response from Senator Roblin. If it appears that part of the report should appear in the record of today's proceedings, then that could be done. Therefore, honourable senators, I table:

> Document entitled: "A Strategy for Expanding Grain Production in Western Canada, Final Report of the Grain Production Committee of the Canada Grains Council", dated April 1983, being a reply to Senator Roblin's question of January 31, 1984 (*English text*).

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, on December 20, Senator Asselin asked questions concerning the Prime Minister's peace mission. He asked particularly for information on the responses to the Prime Minister's proposals to the various states. I have been furnished with the following answer.

The Prime Minister has stated that none of the five nuclear weapons states has rejected the proposal for a meeting of the five nuclear powers. Three of the five—Great Britain, France and China—have maintained that there should be certain preliminary steps, including substantial reductions by the two superpowers of their nuclear arms, before a five-power conference to limit all strategic nuclear arsenals should be held. The United States has expressed general interest in such a conference at a future date.

As the Prime Minister has not met with Soviet Leaders there has been no Soviet response to this idea, although the Soviet Union did put forth a similar proposal some years ago. The Prime Minister has suggested that preliminary discussions among the five nuclear weapons states might take place at the United Nations in New York.

Honourable senators may have heard from news reports that the East German government was very encouraging, that the Prime Minister is on his way back from Bucharest at the present time and that he proposes to make a statement in the other place on his peace initiative and his evaluation of its present standing.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have an answer to a question raised by Senator Guay, and, in general, by Senator Roblin, regarding the Garrison Dam project. Honourable senators will recall that, subsequent to the answer I gave on Tuesday, many of the questions and supplementary questions dealt with the committee referred to in that answer.

President Reagan's proposed $53.58 million for Garrison construction in 1985 is for Phase I features only, which the United States says will not affect waters flowing into Canada. The United States divided the Garrison project in 1982 into Phase I and Phase II in response to recommendations of the 1977 International Joint Commission report. Canada remains committed to modification of those Phase I Garrison features potentially damaging to Canada and to ensuring that Phase II as planned will never be built. At the November 21, 1983 Canada-United States consultations on the Garrison project, the U.S.A. agreed to the modification of an outlet of the Lonetree Dam requested by Canada and to the establishment of a Garrison Joint Technical Committee to examine and, it is hoped, to resolve Canada's remaining technical concerns regarding Phase I. The technical committee will also function as a much-needed early warning system to alert Canada to technical considerations regarding Phase II.

The budget presented yesterday to Congress is a proposal only, and requires Congressional approval before going into effect. The budget proposal includes the stipulation that "no construction potentially affecting Canada will be undertaken." That assurance, which refers to U.S.A. obligations under the 1909 Boundary Waters Treaty, was given at the November 1983 consultations and was reiterated at the October 1983 bilateral discussions in Halifax between the minister and Mr. Shultz. Canada intends to pursue actively the technical level consultations currently under way and will use this forum to ensure to its satisfaction that the proposed appropriation is consistent with the U.S.A. commitments regarding the Boundary Waters Treaty and the Congressional stipulation "not to affect waters flowing into Canada."

In addition, I have obtained a statement regarding the meeting which Senator Guay asked about. It is too long to

read but I do not think it is too long to be included in the *Debates of the Senate*, where it can be reviewed by those honourable senators interested in the matter.

(*The document follows:*)

GARRISON JOINT TECHNICAL COMMITTEE
JOINT PRESS LINE

The Canada-United States Garrison Joint Technical Committee held its inaugural meeting on January 10, 1984 at the Freshwater Institute in Winnipeg. The Joint Technical Committtee is the outcome of senior official level consultations held between the two countries on November 21, 1983 in Ottawa.

Attending the meeting were the Technical Committee's co-Chairmen, the Regional Director of Inland Waters Directorate at Environment Canada, and the Regional Director of Upper Missouri Region in the U.S. Bureau of Reclamation, Department of Interior. Also attending were representatives from the Department of Fisheries and Oceans, the Canada Wildlife Service at Environment Canada, the Department of External Affairs, and the Provincial Government of Manitoba; as well as from the U.S. Fish and Wildlife Service, the Department of State and the State Government of North Dakota.

The Joint Technical Committee established a series of task forces which will assist the Committee in its mandate of examining Canada's longstanding technical concerns regarding Garrison Project features which could potentially damage waters flowing into Canada. The Committee also agreed on operating and reporting procedures for its work. The next meeting of the Joint Technical Committee will take place in mid-February in North Dakota.

GARRISON QUADRAPARTITE TECHNICAL COMMITTEE
Terms of Reference

1. Membership

1.1 The Technical Committee shall consist of three representatives from Canada and three from the United States, including representatives from the Province of Manitoba and State of North Dakota. Each country may appoint standing alternates and one or more observers to the Technical Committee.

1.2 The Technical Committee shall be co-chaired by the Director General, Inland Waters Directorate, Environment Canada, for Canada, and by the Regional Director, Upper Missouri Region, Bureau of Reclamation, for the United States.

1.3 The Technical Committee may form such task forces as it may consider necessary.

2. Meetings and Reporting

2.1 The first meeting of the Technical Committee shall be held before January 31, 1984. The Technical Committee shall meet thereafter as determined by the co-chairmen.

2.2 The Technical Committee shall report to the co-chairmen of the Consultative Group on the Garrison Project, headed by the Assistant Deputy Minister of the United States Branch, Department of External Affairs; and the Deputy Assistant Secretary of State for Canadian Affairs, Department of State.

2.3 The Technical Committee shall submit a joint report on each of its meetings to the Consultative Group.

2.4 If the Technical Committee co-chairmen are unable to agree on the contents of a joint report, they shall submit separate reports to the Consultative Group and to each other.

3. Mandate

3.1 The Technical Committee shall monitor features under design and construction and examine immediate Canadian technical concerns regarding Garrison project features specified in, but not limited to, those outlined in Canada's Note No. 473 of October 3, 1983 and report their findings to the Consultative Group for consideration.

3.2 The Technical Committee shall undertake its technical monitoring and examinations by:

3.2.1 Obtaining all relevant technical information, including project plans and specifications, construction schedules, secondary sources, and information gained from on-site investigations;

3.2.2 Analyzing the technical information;

3.2.3 Reporting to the Consultative Group for its consideration the Technical Committee's assessments of (1) identified project deficiencies, and (2) technical solutions.

3.3 With regard to future phases, the Technical Committee shall monitor United States plans for future development and alert the Consultative Group to technical considerations related to whether and how to proceed with development.

4. Responsibilities

The Technical Committee shall carry out its mandate in the following areas of responsibility:

4.1 Biota Situation in Missouri and Hudson Bay Systems

To oversee the literature review updating the data base on biota of concern in both the Missouri and Hudson Bay drainage systems. The review shall be undertaken by a joint group of fisheries experts from both countries. The Technical Committee shall report to the Consultative Group on this matter within five months.

4.2 McClusky Canal Irrigation and Plugs

To monitor and examine, through on-site visits and other means, whether irrigation return flows could

enter the Hudson Bay drainage system. To review plans for the removal of canal plugs to assess whether or not the removal of any plug would release Missouri River water into the Sheyenne River valley.

4.3 Fish and Wildlife Mitigation and Enhancement Plan

To examine the 1982 Fish and Wildlife Mitigation and Enhancement Plan with members of the development committee responsible for preparing the plan, in order to assess the adequacy of the plan to mitigate wildlife losses.

4.4 Municipal and Industrial Outlet in Lonetree Dam

To examine United States technical plans and drawings to assess the adequacy of the plans for sealing the municipal and industrial outlet with concrete, as agreed at the Canada-United States consultations of November 21, 1983; and to monitor construction of the outlet and seal.

4.5 West Oakes Test Area

To examine plans and procedures for the testing and analysis of irrigation return flow in the Oakes Test Area, and to assess the applicability of test results to other project areas.

4.6 Other Technical Concerns

To monitor and examine Phase I features, to include:

4.6.1 Prohibition of fishing in Lonetree Reservoir;

4.6.2 Plans to control potential seepage to the Hudson Bay drainage system from the Lonetree Dam foundation, and from the New Rockford Canal and its headworks structure;

4.6.3 Designs for the New Rockford Canal, and plans for the redirection of irrigation return flow from the New Rockford Irrigation Area to the James River;

4.6.4 Plans for redirecting return flows from the Warwick-McVille Irrigation Area to Devil's Lake;

4.6.5 Plan for construction of the Oakes Canal and Taayer Reservoir.

Hon. Duff Roblin (Acting Leader of the Opposition): I want to be clear in my understanding of my honourable friend's statement with respect to this matter. He gave us what I thought was an encouraging report on Tuesday, that the Joint Technical Committee had in fact been set up. I take it from what he has just told us that any expenditures contemplated under this $53.6 million appropriation now being sought will in fact be reviewed in advance by this technical committee. Is that correct?

Senator Frith: The date of the meeting about which I am furnishing particulars was January 10. I suggest we all look at that since it is my understanding it is a part of their duty.

● (1420)

Senator Roblin: I take it that, unless my honourable friend tells the house something different, my interpretation of what he has said is correct.

[Senator Frith.]

My second point has to do with the question of public information. Has the Acting Leader of the Government made any progress in his search for some policy decision from the government as to what form of public exposure will be given to the conclusions of this technical committee?

Senator Frith: Yes. Of course, part of that request was granted today when I asked for more public information with regard to the meetings of that committee. Whether it is the intention of the government to continue furnishing me with information as to the progress and proceedings of that committee, I will endeavour to find out.

Senator Roblin: Honourable senators, I would like to make a further comment on this matter. I wish to point out to my honourable friend that it would be to the public's advantage if there was a clearly stated policy with respect to the disclosure to the public of the decisions taken by this technical committee. I wish to give a reason for making that statement.

I am aware that the United States Congress on all suitable occasions has stated that it will not do anything that would be deleterious to the province of Manitoba. It seems a bit churlish to question that well-intentioned assertion. However, over the years we have found that there is some diffference of interpretation between the people on the one side of the border and the people on the other with respect to what constitutes an improper trespass upon the rights of Canada concerning this watershed.

The question is: What do they mean by that statement? There is no use in trying to elucidate the matter here; but it illustrates the need to reassure the public, particularly in the province of Manitoba, that matters are progressing well. I think the public should be encouraged by what we have heard thus far. However, in view of the difference of opinion as to the meaning of words with respect to the undertakings of the American government, I think it would be highly desirable to hear from the technical committee about what decisions it has taken, particularly if there is any disagreement with respect to the facts.

I stress this point, because I would be reluctant to depend upon catch-as-catch-can disclosures of information to this house or elsewhere about this matter. I would be much happier if we had a clear statement of policy on how the government intends to deal with public relations in respect of this matter.

Senator Frith: Honourable senators, as I understand it the concerns mentioned by Senator Roblin are the exact concerns of the technical committee. I agree with his point that the government and the committee should keep the public aware of how the committee is monitoring the implementation of Phase I, how it is interpreting these questions and what issues are arising with respect to the interpretations. I will pass Senator Roblin's comments along to the government. This has been a very good first step today. Senator Roblin's point with respect to keeping those who are more directly concerned informed is a point well taken and one which I will see is drawn to the attention of the authorities.

Senator Roblin: I do not want to beat this matter to death. However, I am really not happy with my honourable friend's suggestion that he will report the views that he and I share in respect of this matter. What I really want from him is a statement of the government's policy with respect to information on the matter. I wish to underline this point in order that he will understand what it will take to satisfy me.

Hon. Joseph-Philippe Guay: Honourable senators, what we are hearing today is the same old story we have heard in the past. The only difference I notice today is that my acting leader is agreeing with the Acting Leader of the Opposition. I am a little surprised at that, but I am not satisfied with the answer he has given and I will tell honourable senators why. Over the past few years, going back to 1976 at least, there has been a request for an allocation of funds from Congress. I recall that just two years ago it was $5 million; but last year it was $22 million and that also had to be approved by the congressional committee. They are spending millions of dollars and yet they keep saying, "We have not finished Phase I."

Now we are told today that there is a request for approval by the congressional committee of a further $53 million. If that approval is given, it will mean that again this year large sums of money will be spent for the ultimate aim of affecting the waters of Manitoba, although the Americans keep assuring us that that is not so. No doubt there will be jobs created by this project, but they will not be Canadian jobs.

I agree with Senator Roblin, who is also from Manitoba, that we ought to get a statement, not only from the government but from the International Joint Commission. They have been studying the matter now for the past five years and it is surely time for them to come out and say that they agree or disagree with what has taken place or what is intended to take place. It is important to know what is happening in this area, because if I go back to Manitoba and tell the people involved that the Americans are asking for congressional committee approval of a further $53 million for this project, I might just as well keep quiet because I know what answer I will get.

I think it is important to know what the position is, because, while we are waiting for a definite answer, the Americans are spending millions of dollars every day to improve the Garrison.

Senator Frith: I am somewhat disappointed in what Senator Guay has said. However, when I started the answer, I do not think that Senator Guay was present in the chamber so he may not have heard the first part of my answer. I am also sorry that Senator Guay is still disappointed, because, even though he asked me only on Tuesday last to obtain information about the meeting of that committee, I produced it before 3 o'clock on the next day. Rather than reproach, I am slightly disappointed that I did not receive some praise. However, that goes with the territory—

Senator Guay: I should congratulate my friend.

Senator Frith: On the first point made by Senator Guay, I suggest that, when he goes back to his countrymen in Manitoba, he should point out that the $53 million in the present Garrison budget is accompanied by a statement that none of that money is to be spent for any projects that have any effect on Canada. That may be the part of my answer that Senator Guay did not hear because he has just arrived.

The question then, of course, is: How do we know that it will not affect Canada? That is where the committee comes in and that is where Senator Roblin comes in. That is why I agreed with Senator Roblin, when he said that it should be continually made public that the $53 million will not be used for anything that is deleterious to Canada, and this committee is there to ensure that it is not. I suggest that Senator Guay may find, when he reads my answer, that he can return to his colleagues in Manitoba with some happier news than perhaps he has done on previous occasions.

Senator Guay: I have a supplementary. First of all, I would like to congratulate my acting leader for his promptness in giving us an answer of some kind.

Senator Roblin: Don't go too far, Joe.

Senator Guay: However, I would like to ask him a question. What will the committee do if congressional approval is granted for the $53 million that has been requested? Will the committee's recommendation delay or amend something that has been approved by Congress? If I could have that assurance, it would change my mind slightly—provided that the committee did not delay so long that the work for which this $53 million was approved had begun. Every year we have a similar answer.

Senator Frith: No, that is not true.

Senator Guay: I do not think that Senator Frith can say that it is not true. He cannot tell me that the Americans did not spend the $22 million which was allocated last year. They had money approved last year and the year before that, and that money was spent on an annual basis. They are now asking for $53 million and, notwithstanding that congressional approval has not been given, that committee has been struck and that amount of money will be spent on the Garrison Dam project. If the spending of that money will affect Canada in any way, shape or form, then I would appreciate knowing that. The committee has been very slow, and the reason I am arguing today is that I am hoping that the committee will be as quick to respond as you have been. If that is the case, I will congratulate both of you.

• (1430)

Senator Frith: Let me say it once more.

Senator Roblin: We will take it as read.

Senator Frith: The committee is not going to be established to say that the appropriation cannot be spent, because the appropriation is for Phase I, which involves expenditures that do not affect Canada. What the committee will do is ensure that none of those expenditures will affect Canada because they will be available only for Phase I.

Senator Guay: Obviously you did not see the plan.

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (GERALD HARVEY FUDGE AND AUDREY MARIE SAUNDERS)—ORDER STANDS UNTIL LATER THIS DAY

On the Order:

Second reading of the Bill S-2, intituled: "An Act to provide an exception from the public general law relating to marriage in the case of Gerald Harvey Fudge and Audrey Marie Saunders".—(*Honourable Senator Leblanc*).

Hon. Fernand-E. Leblanc: Honourable senators, I ask leave that this bill be placed on the Orders of the Day following the second reading of Bill S-3. That will allow me to make my remarks on Bill S-3 first.

I ask leave because the couple named in Bill S-3 were the first to approach me to sponsor a bill, so I should like that bill to be the first to which I speak.

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

Hon. Senators: Agreed.

Order stands.

[*Translation*]

MARRIAGE LAW EXEMPTION (LOUIS PHILIPPE NADEAU AND MARIE THÉRÈSE RITA BRULÉ)—SECOND READING—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc moved the second reading of Bill S-3, to provide an exception from the public general law relating to marriage in the case of Louis Philippe Nadeau and Marie Thérèse Rita Brulé.

He said: Honourable senators, it seems appropriate to begin by setting out some background for honourable senators. Bill S-3, as its title indicates, is a bill to exempt the two persons named therein from the public general law relating to marriage. In particular, it provides for an exemption from the law prohibiting marriage between persons who are related within the prohibited degrees. The general law prohibiting such marriages is addressed to two classes of related persons: the first is that class of persons who are related by consanguinity; the second is that class of persons who are related by affinity or, in other words, by marriage. The petitioners in the case of Bill S-3 are, as are the petitioners in the cases of Bills S-2, S-4 and S-5, related by consanguinity. It follows that the four bills, all of which were given first reading on December 20, 1983, raise the same questions of public policy.

It is my hope that this house will see fit to send all four bills to the Standing Senate Committee on Legal and Constitutional Affairs, so that they can all be examined at the same time. I, therefore, propose to move second reading of each of Bills S-2, S-4 and S-5 as soon as my motion respecting this bill has been dealt with. If and when each bill is given second reading, I intend to move that it be referred to the committee.

I would also like, at this time, to advise honourable senators that I have four more petitions for private bills relating to marriage law exemptions and that it is my intention to present these petitions and introduce the related bills once the Senate and the committee are ready to consider them. This second group of bills will differ from the present group in that, in the case of the second group, the petitioners in each case are related not by consanguinity, but by affinity. Finally, I would be less than candid with honourable senators if I did not reveal to them, at this time, the fact that six more inquiries have been received from couples investigating the possibility of petitioning Parliament for private bills to exempt them from the general law on marriage and that in some of these cases the process of converting the inquiry into a petition and bill has already begun.

Honourable senators might well wonder why Parliament should be involved in the ability of two persons to marry, so I will explain. Two provisions of the *Constitution Act, 1867* are relevant and must be read together. The first is section 91. It confers on Parliament exclusive legislative authority in Canada over marriage and divorce. The second relevant provision is section 92. It confers on each provincial legislature exclusive legislative authority over the solemnization of marriage in the province. I can think of no higher authority than the present Chief Justice Laskin of the Supreme Court of Canada for direction on how to read these powers in the light of each other. At page 899 of the fourth edition of his text *Canadian Constitutional Law*, the learned judge refers to the *Schepull* case as authority, sufficient in his opinion, for the proposition that the legislative power in respect of prohibited degrees is within "exclusive federal competence" and that the role of the provinces in this area is to condition grants of a marriage licence on compliance with the federal prescriptions, if they see fit to do so.

Honourable senators will now understand that it is only Parliament that can be involved in the ability of these persons to marry because it is only Parliament that has exclusive competence. No one else can act in its place.

I turn now to the law prohibiting marriage between persons related within the prohibited degrees. Such law exists in Canada because, at the time of Confederation in the case of New Brunswick, Nova Scotia, Ontario and Quebec, and at the time of their creation or union in the case of the other six provinces, it was always provided that the laws in effect in the province would remain in effect in the province until or unless repealed, abolished or altered by the appropriate authority under the *Constitution Act, 1867*, which, in this case, is Parliament. Parliament has exercised its power under this heading a few times, but never to provide a comprehensive national code with respect to marriage in general, or even with respect to the prohibited degrees within which persons may not marry. The only law of general application that Parliament has passed in this area is the series of enactments culminating in the two provisions of the present federal Marriage Act, which provide that a marriage is not invalid merely because one spouse is the brother or sister, or the child of the brother or sister, of a deceased spouse of the other.

This brings us to the particular petitioners in the case of Bill S-3. Marie Thérèse Rita Brulé is the daughter of the deceased sister of Louis Philippe Nadeau and they are, therefore, related as uncle and niece by consanguinity. Both petitioners reside

in the province of Quebec, so it is the law in force in Quebec at the time of Confederation that applies. That law, I am informed by the parties, prohibited, and therefore still prohibits, a marriage between an uncle and niece by reason of consanguinity. This being the case, if the parties are to marry at all, they will need Parliament's intervention in order to allow them to do so.

That point brings me to the final question I should address, which is the question of whether or not Parliament should intervene in order to allow the petitioners to marry. The petitioners point out that Parliament has acted in similar circumstances three times before, all in the past ten years. In 1975, Parliament enacted chapter 113 of the Statutes of Canada, 1974-75-76, allowing Richard Fritz and Marianne Strass to marry. Then in 1978, it enacted chapters 45 and 46 of the Statutes of Canada, 1977-78, allowing James Richard Borden and Judy Ann Borden to marry and allowing Eugène Waddell and Marguerite Benoît to marry.

In each of these cases, the parties were related as uncle and niece by consanguinity, although in one case the relationship was by the half-blood. In a fourth case, in 1978, the Senate gave second reading and referred to committee a bill that would have permitted Lucien Morin and Marie Rose Morin to marry, but declined to proceed further with the matter when the committee reported that, in its opinion, because the parties were related by adoption, no impediment in law existed to their marriage. It is obvious, therefore, that the petitioners have a very strong argument that Parliament has always been receptive to such petitions before and, presumably, in cases no more worthy than theirs. I, at least, am persuaded that, if we cannot distinguish between the past petitioners and the present petitioners on a rational basis, it would be unfair to do so on an arbitrary one.

On the other hand, what is new to this petition and bill, and to the other three bills that I have introduced, is that the precedents have now been established and do exist, and that the proverbial floodgates have been opened. It seems to me that, unlike the problem Parliament was faced with in the previous cases, Parliament, in these cases, must face the issue of how it wishes to deal with petitions of this nature on an ongoing basis, for now it has the knowledge that petitions in this area are no longer likely to be isolated and rare cases.

I should like to advise honourable senators that I, personally, am of the view that an amendment to the general law on prohibitions against marriage is needed. I believe that Parliament should not have to be called upon to enact a special law each time a couple requires an exemption from the now archaic general law. If any senator, therefore, wishes to propose, by way of a separate motion, that the subject matter of the general law setting out the prohibitions against marriage between related persons be referred to the Standing Senate Committee on Legal and Constitutional Affairs, that senator can be assured that he or she would be doing so with my full support. In fact, I am in a position to provide any senator who wishes to seek leave of the house and to propose such a motion with a suggested text.

Honourable senators, I thank you for your attention and now commit my motion to your care.

[*English*]

Hon. Richard A. Donahoe: Honourable senators, I have listened with great interest to the learned and eloquent dissertation by the honourable senator who has just spoken, and I feel impelled to rise to my feet.

• (1440)

When I read the contents of these bills which had been placed on my desk, I found myself inclined to be repelled by them because they appeared to authorize a relationship which I thought was in its nature somewhat unnatural. As a result, I turned my mind to the attitude taken in this country towards that type of relationship.

The first word that occurred to me was "incest" so, I applied myself to the Criminal Code of Canada. There I found the definition of those with whom it is forbidden to have sexual relations. It is a somewhat limited group. It deals only with those who have a direct blood line, such as grandparents, parents and children. Such a relationship is forbidden, is classed as a crime and is incestuous.

I therefore realized that, as far as the bills before us are concerned, no question of incest is involved; but, since such bills are before us, there must be a law in this country which forbids the kind of union being sought. I took the trouble to inform myself on what that law is.

This afternoon we enjoyed a very learned exposition of the historical reasons for the law which exists—why it is in force in certain provinces and why these bills are necessarily before this body. It occurred to me that I should also make some inquiries about what law it is that these bills are seeking to avoid. I came to the conclusion—and I stand subject to correction—that it is, in fact, an offence against the common law for which there is being sought excuse.

We are dealing with the law that was in force in the various provinces which were the original partners in Confederation. When they joined, it was stipulated that whatever law was in force in those provinces at that time should be in force following Confederation, subject only to change—and no change has ever taken place in respect of the matters dealt with in these bills. As a consequence, these bills appear before us.

I also made it my business to find out what laws exist in England relating to this matter. I found out that the common law is applicable in this instance. I then set out to find out how the common law in England is arrived at in this respect. I discovered that it is arrived at in a very simple way—by using the degrees of consanguinity or affinity which appear in the Anglican *Book of Common Prayer* forbidding matrimony between those classes of persons. That is the law which is in effect in England, and that is the law which was adopted in Canada in 1867, from which we are now being asked to grant dispensation.

I do not believe that Senator Leblanc would advocate the passage of these bills if there were any degree of impropriety

about the relationships which we are being asked to approve. I am satisifed that urgent, serious reasons must exist—whether they be considerations of age, previous relations or whatever—which impel Senator Leblanc to stand in this chamber in support of these bills. I am satisfied that they must be good reasons and that we would not be here if Senator Leblanc did not feel that they were good reasons.

• (1450)

Therefore, I hasten to say, in spite of anything I may have said previously, that this afternoon I do not propose to object to the referral of these bills to committee. I occupy a position—albeit a somewhat lowly one—on that committee. I expect and hope to be present when the bills are considered in committee. I may express my views at that time. I certainly do not feel that the matter should be dealt with out of hand. I do not feel that the members of this chamber can reasonably be asked to refuse to give the matter consideration. Therefore, I do not propose to vote against second reading.

On second reading, honourable senators, we are considering the principle of a bill. I do not know just what the principle is in this case. If it is a restricted matter, dealing only with those persons named in the bills, then I suppose we might say that that is the principle. However, I have listened to what Senator Leblanc has said. He has made an extremely generous offer to this house which provides any senator with the appropriate preparation the means by which to have passed a bill which would have the effect of amending the laws of Canada. That would do away with the necessity of any such matters coming before this house in future. In other words, he is suggesting that, where the relationship of aunt and uncle or niece and nephew exists, there should be no barrier to their entering into the sacrament of matrimony, and, further, that we should express our approval of this by passing these bills. Ultimately, that would mean that any person wishing to adopt this course of action in future could avoid the necessity of coming before this house to give valid reasons why an exception should be made in his case.

Honourable senators, I intended to rise to say that I was perfectly willing to see the bills go to committee, that I was perfectly willing to give consideration to them and to deal with each case on its merits, but that I would never—and I say "never" although one should never say "never"—be willing to give support, by means of silence, vote or whatever, to such a motion as that suggested by Senator Leblanc.

God knows that this chamber has come into enough disrepute amongst the people of Canada. God knows that we have heard all kinds of talk—and we will hear more of it as a result of recent proposals—on Senate reform. It would seem that the Senate is considered to be an ineffectual body, a disregarded body, a body for which the people of Canada have no real respect. Now it is suggested that the Senate pass legislation which, in my opinion, can only serve to bring this institution further into disrepute with the main body of the people of Canada. Whether it will bring us into disrepute with the main body of those in this chamber, I cannot say. Whether the House of Commons would be as easily convinced, I cannot say, either. I certainly believe, however, that this is the sort of suggestion which would, in effect, bring into disrepute in a real and definite fashion the governing bodies of this country.

Honourable senators, I am not prepared to say—and I do not say—that the relationships being sought in this case ought not to be permitted. I am not prepared to say that there may not be valid reasons for the formation of these relationships. I do not believe, however, that, as a legislative body, we should sanction and approve of a measure which can only be interpreted as an encouragement to the relaxation of the rules which have stood and which have governed our conduct for centuries. I do not know whether the basis of those rules is as much moral as anything else—certainly the moral basis appeals to me. There may be other reasons for the establishment of those rules. I reiterate that the mere passage of such legislation would, in my opinion, put the Senate in the position where it would appear to be encouraging a moral relaxation.

The greatest problem with this world today is the relaxation of all moral standards. Things which were found objectionable in years gone by are accepted today. Every day on the radio and television I hear people say, "Well, that was wrong by the old standards but we accept it today." All I can say is that that is the process of taking things for granted; it is the process of being modern; it is the process of allowing our standards to be eroded. In my view, were we to pass this sort of bill, we would be sharing in that sort of process.

I want all honourable senators to understand clearly my position in this matter. I will listen carefully, conscientiously and fairly, I hope, to anybody who comes forward, in an individual case, to advance good reasons why he should be excused from the ordinary law. If the reasons are valid, if the case is well presented and if I can be convinced that there is value in it, then I will support it. But I will not support—and I trust that the members of this chamber will not support—the kind of act that has been suggested, which is just one further step towards the erosion of our moral standards.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have listened to what has been said by Senator Donahoe and Senator Leblanc and would like to make a couple of comments. The first is technical in nature. I believe that Senator Donahoe is quite right, in general, when he speaks about the history of the laws relating to the subject that is being dealt with in these bills. He said that the inspiration was the common law, and I suppose that would be true for New Brunswick, Ontario, Nova Scotia and some other provinces. I suppose that the inspiration in Quebec would be the civil law.

In any event, I believe that the most important point is that, unless something suffered in the translation, Senator Leblanc did not suggest that he would propose a bill—

Senator Donahoe: No, but he proposed to make the form available to anybody who would propose such a bill.

Senator Frith: I understood Senator Leblanc to say that any senator who wanted to could propose, by way of a separate motion, that the subject matter of the general law setting out

the prohibition against marriage between related persons be referred to the standing Senate committee. One of the reasons for that—and Senator Leblanc can clarify this himself if he wishes—is that, when the matter arose on a previous occasion, it was pointed out by Senator Flynn and Senator Neiman that it did not seem right that the Parliament of Canada, which clearly has exclusive legislative jurisdiction in this field, require that citizens come before it requesting individual exceptions.

It seems that we can anticipate a large volume of this type of legislation, if the present situation is any indication. Although previously we have had only three such bills, we have these before us now; there are four more to come, and we anticipate a further six. The Senate could find itself back in the position it was in when dealing with legislation concerning divorces, and, in my view, we would become a body considering judicial questions rather than legislative ones. On July 23, 1975, Senator Flynn, in connection with a bill sponsored by Senator Denis, said:

• (1500)

> As far as this particular case is concerned, I think there is validity to the bill;—

Senator Donahoe has expressed the same view.

> —but Senator Neiman, myself and others have expressed the view that something should be done by Parliament to provide for the settlement of such cases. We should not be called upon to pass a special law in every special case.

Further, he said:

> I agree that the question posed by Senator Asselin is a valid one,—

And Senator Asselin has also expressed his concern on this occasion.

> —but I doubt that it should have been addressed to Senator Denis, who is merely the sponsor of a private bill. I would ask the government leader to discuss with his colleagues in the government whether there should not be an amendment, not to the Civil Code of Quebec but to all laws applicable across Canada with respect to this problem, so that it can be dealt with in a more general way in the future.

Senator Perrault, who was then Leader of the Government, said:

> Honourable senators, I give an undertaking that the proposal of the Leader of the Opposition's will be brought to the attention of the appropriate government people.

Another quote that might be appropriate appears at page 1258. Senator Flynn spoke again and said:

> I therefore think it is clear that the problem of those who are concerned by this bill could only be solved by way of federal legislation.
>
> However, an important point, which I and Senator Neiman raised in committee, is that the best way to solve problems of that kind in such particular instances would be by means of an amendment made to the legislation relating to marriage by the federal Parliament. I hope that will be done eventually, and we will no longer have to be confronted by such complex problems in the future.

I believe that Senator Leblanc is suggesting that the questions raised by Senator Flynn and Senator Neiman previously and those raised by Senator Donahoe and Senator Asselin, should be referred to the committee for a proposal—not necessarily for a law sanctifying this type of situation, but for a recommendation as to a method to settle this matter other than by having the law changed and a statute passed in the case of each application that is made. Therefore, if these bills are referred to committee, I would support an additional motion that the matter under discussion, the general question, also be referred to the committee for consideration.

Senator Donahoe: Honourable senators, I overlooked concluding my speech as I would have wished. When speaking to this matter, I was advised that Senator Asselin, who is unable to be with us today, has a strong desire to express some views on this matter. Accordingly, I shall move adjournment of the debate on behalf of Senator Asselin.

In conclusion, I should say that I found the arguments advanced by the Leader of the Government quite fascinating. He said that there would be a flood of this type of legislation. All I would say is that if there is likely to be a flood of this type of legislation in the Senate, then, if we remove the barriers, there will be a much greater flood in this Dominion of Canada, for we shall see an increase in the number of such liaisons in this country, similar to what happened after we liberalized the law regarding divorce, when there was a considerable increase in the number of divorces. We are now considering giving a new lease on life to the freedom of relationships, and, in my view, I believe that we will be taking a retrograde step if we even consider changing the law in this respect.

Senator Frith: Honourable senators, if honourable senators feel that the views of Senator Flynn and others merit this matter's being sent to committee, then I am sure that Senator Donahoe's views will receive careful consideration by the committee.

Honourable senators, I do not mean to oppose the motion to adjourn this debate, but, if no other senator wishes to speak, I am in agreement with a motion to adjourn the debate in Senator Asselin's name.

On motion of Senator Donahoe, for Senator Asselin, debate adjourned.

MARRIAGE LAW EXEMPTION (GERALD HARVEY FUDGE AND AUDREY MARIE SAUNDERS)—SECOND READING—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc moved the second reading of Bill S-2, to provide an exception from the public general law relating to marriage in the case of Gerald Harvey Fudge and Audrey Marie Saunders.

He said: Honourable senators, Gerald Harvey Fudge is the brother of Hazel Marie Mullins, who is the mother of Audrey Marie Saunders. It follows that the petitioner, Gerald Harvey

Fudge, is the uncle of the petitioner, Audrey Marie Saunders. The petitioners reside in Ontario and inform me that the law in effect in Ontario prohibits marriage between uncle and niece.

Honourable senators, in my opinion this house would be well advised to give second reading to this bill for the same reasons that I proposed that it give second reading to Bill S-3.

On motion of Senator Roblin, for Senator Asselin, debate adjourned.

MARRIAGE LAW EXEMPTION (ERNEST HODEL AND NORMA DORA LAURIE)—SECOND READING—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc moved the second reading of Bill S-4, to provide an exception from the public general law relating to marriage in the case of Ernest Hodel and Norma Dora Laurie.

He said: Honourable senators, Norma Dora Laurie is the sister of Eva Emilia Hodel, who is the mother of Ernest Hodel. It follows that the petitioner, Norma Dora Laurie, is the aunt of the petitioner, Ernest Hodel. The petitioners reside in Saskatchewan and inform me that the law in effect in Saskatchewan prohibits a marriage between an aunt and a nephew.

Honourable senators, in my opinion this house would be well advised to give second reading to this bill.

On motion of Senator Macdonald, for Senator Asselin, debate adjourned.

MARRIAGE LAW EXEMPTION (BENJAMIN JOSHEPH ANDRADE AND HEATHER WINNIFRED ANDRADE)—SECOND READING—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc moved the second reading of Bill S-5, to provide an exception from the public general law relating to marriage in the case of Benjamin Josheph Andrade and Heather Winnifred Andrade.

• (1510)

He said: Honourable senators, Benjamin Josheph Andrade is the brother of Noel Paul Andrade, junior, who is the father of Heather Winnifred Andrade. It follows that the petitioner, Benjamin Josheph Andrade, is the uncle of the petitioner, Heather Winnifred Andrade. The petitioners reside in Saskatchewan and inform me that the law in effect in Saskatchewan prohibits marriage between an uncle and a niece.

Honourable senators, in my opinion this house would be well advised to give second reading to this bill.

On motion of Senator Macdonald, for Senator Asselin, debate adjourned.

SPEECH FROM THE THRONE

MOTION FOR ADDRESSS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Muir*).

Hon. Robert Muir: Honourable senators, in commencing my remarks in this debate in reply to the Speech from the Throne, I should like to be among the first to welcome those of you who have recently been summoned to the Senate of Canada. I have already congratulated some of you in person, but now, formally, I should like to extend my sincere congratulations en bloc. Those new senators who are not here will read my pearls of wisdom in the *Debates of the Senate* when they receive their copies.

I wish for all of you good health and every success. Now that you are here I should warn you that you will be the target of all the slings and arrows of the media—as if I had to tell you that. I am sure you are aware that this is the institution that so many criticize and condemn—until they are summoned to it, to use the usual term.

It has been said, "Where but in the Senate of Canada will you find men and women with strength of character enough to lead a life of idleness?" Someone else once said that the motto of this place is, "If anyone said it cannot be done, the hell with it." You will also hear that this is one of the few places on earth where sound travels faster than light, that among people who own windmills we are much in demand as neighbours, and that the air in this place is always full of speeches, and *vice versa*. To quote another wit, and I am only half correct in referring to him as that, "A man or woman gets up to speak, says nothing, no one listens and then everybody disagrees like crazy with what he or she has said." It's been said that a great many of us have more on our minds than there is room for and that we should have our mouths taped instead of our speeches.

Honourable senators, I spent some 22 years in the House of Commons or, as we refer to it, "the other place", before coming here. During that length of time I used to hear all these things said about members of the Commons—and I still do.

My dear, newly arrived colleagues, you will have to get yourselves a back like a turtle to withstand the attacks of some members of the media—not all, of course. I am happy to say that there are still some who do investigative reporting; then there are others who are a few months out of a school of journalism who are assigned here to the Hill. When you read their articles you will find that they pontificate from the stratosphere. Indeed, they would have you believe that they have forgotten more than any member of this place or the other place ever knew. It would be nice if, on occasion, we would see them in the press gallery in this chamber or at Senate committee hearings.

Yes, my dear friends, you will be accused of being senile, especially those of you in your early forties. You will be accused of being lazy no matter how active you are. You will probably be told that you are as busy as a Swiss admiral. Someone may even say that your insomnia is so bad that you cannot even sleep in the chamber any more.

Of course, I have read these comments before, but they were written about members of the House of Commons.

I mentioned being active, and to those of you who have just arrived, there is plenty of activity here—if you want to indulge in it. There are plenty of committee meetings to attend. You can represent your regions well and to the best of your ability. Frankly, there is plenty to do if you want to do it. The Senate, like the other chamber, is somewhat similar to our churches, fraternal organizations and service clubs: a number of people do a great deal of work and others really do not do an awful lot, human nature being what it is.

I must mention some of the fringe benefits available to you and your guests, such as subsidized meals in the parliamentary restaurant and the parliamentary cafeterias, subsidized haircuts and shoeshines. These privileges are also available to the members of the press gallery and their guests. If you look around—oh boy!—do they have guests. But in their critiques about the members of the Senate, or the Commons, for some strange reason they do not mention that they also participate in these fringe benefits.

In your short time here some of you new senators have already come under the tongue, or pen, of the scribes—and some of it not too flattering. As the old song goes, "You'll get used to it!"

Incidentally, some of you, especially from the Toronto area, should get a copy of the script used by that all-wise, all-knowing soothsayer and seer by the name of Stephen Lewis on station CKO. Yesterday, the same gentleman, and I use the term loosely, indicated on the air that Senator Molgat and his committee on the reform of the Senate had more or less lost their marbles. But, my dear colleagues, is it not great that we live in a country where there is still freedom of the press and freedom of speech and other freedoms? Long may it continue.

I have been in countries, as many of you here have, where no person in the media would dare go on the radio or television and say some of the things that are said in Canada. They would not dare to congregate in groups on corners; they would not dare to protest. The media would not be allowed to write some of the things that are written in Canada. However, I am truly glad that they can do it in Canada and I hope that they will continue to criticize us. In fact, I hope they will continue to do all that they wish any time they want to criticize us. It is a great form of government that we have here in Canada—of course, not the present government. It is a great system and long may it continue in this country.

Let me draw your attention, honourable senators, to an article written by Hugh Segal in the Toronto *Star* dated January 25. This is an article a wee bit different from the comments of Lewis. It is headed "A good 10 days for the Senate.":

> By and large, the past 10 days were good days for Canada's Upper House. In the context both of policy matters laid before the Parliament of Canada and one or two appointments made by the Prime Minister to the Senate, the relevance and potential usefulness of the Senate has been underlined significantly.
>
> The redraft of the government's security legislation incorporates in it almost all of the significant recommendations made by a Senate committee in order to moderate a bill which had been poorly drafted in many respects. Now before Parliament, this is a piece of legislation that can serve to create an appropriate civilian security agency which can serve the interests of the country without in any way subverting the basic elements of our democracy.

● (1520)

I am not quite sure that I agree with all that he has said, but in any event he is making the point and I quote him again:

> The original legislation that was put before the Parliament was ham-handed and would have caused far more difficulty than the problems it sought to remedy. The new legislation is a triumph of moderation and, while there may be significant changes yet to be made at the committee stage, it is a far better piece of legislation for the solemn, sober and careful assessment which the Senate committee provided.

Then he goes on to talk about Senator Grafstein, one of the new members summoned to the Senate. He says:

> Two of the appointments made to the Senate are also particularly uplifting. Torontonians will know that the appointment of Jerry Grafstein constitutes the appointment of a loyal Liberal who, despite that one fundamental flaw in his reasoning, is an accomplished lawyer in communications, broadcast and entertainment law, and a significant spokesman for different policy and political concerns. He will be an ornament to the Senate and a strong voice for Metropolitan Toronto and, in that sense, the Prime Minister chose well.

The article concludes by saying:

> Hugh Segal is a former senior aide to Premier William Davis.

This type of comment coming from someone with his background is important, I think.

He then goes on:

> For those who had the opportunity of being part of the constitutional development, the appointment of Michael Kirby from Nova Scotia is of particular significance.

And he then relates all of the attributes of Senator Kirby. Further down, he says:

> Moreover, in the case of both Grafstein and Kirby, the Senate was by no means the only option that they had before them in what have been significantly successful and dynamic careers. But because it is an option that they did choose to accept when offered, they have made a commitment to public service and to an enrichment of the legislative and political process from which all Canadians will benefit.

He finishes by saying:

> The courage to take a political stand should by no means disqualify those of genuine competence . . .

I would like to talk a little more about some of our new appointees. I have here an article from the Toronto *Sun* of January 17, 1984 by Barbara Amiel, and she says:

> In describing Toronto's new Senator Jerry Grafstein, one paper summed up his career with the terse line 'Toronto Liberal communications strategist.' The wire story described him as an advertising executive. The mind boggles.
>
> Jerry Grafstein, in spite of the bizarre fact that he is a Liberal, is the kind of man who sums up the best qualities North America can bring out in a man. To dismiss a life that has been devoted to public service, is to devalue not only the man but the tradition that helped create him.

Barbara Amiel then goes on in great detail with respect to Senator Grafstein, outlining a great many things that I never knew about him. I have one little quotation here I would like to read:

> There is a quality in Grafstein to which no one who has met him can remain oblivious: He is a deeply moral man, a man of genuine conviction—and a man with that rarest of qualities: Generosity. He came up the hard way and has not forgotten.

Further on, she says:

> Even Pierre Elliott Trudeau ought to be allowed to appoint his friends and supporters to appointed positions—like the Senate. Most people when in a position to hire or reward someone, would prefer to give the benefit to a friend. This is not for bad reasons. Friends are usually people with whom one shares certain values and philosophy.

In any event, honourable senators, from what is said here, if I were Senator Grafstein, I would be a little worried. I had ten years in municipal politics and now I have been in the federal end of politics for almost 27 years. If I had as many nice things written about me as have been written about him here, I would be a little concerned as to whether I was going to survive in this dear old world much longer. However, I say to Senator Grafstein that he should enjoy it, because he will have a lot of other things written about him.

The new arrivals will soon notice, from listening to their colleagues on the government side, that there are two sides to every question, and the thing for you Grits to do is to defend both. It is good, however, that you are here. With only 55 Liberals and 23 Conservatives, things were getting dangerously out of balance.

It would also appear that there is now absolutely no danger that anyone will take the subject of Senate reform seriously. I know what a blow this will be to some of my colleagues, especially Senator Roblin and Senator Frith who are champing at the bit to get out on the hustings. Just a day or two ago, Senator Molgat tabled in the Senate his interim report of the Special Joint Committee on the Reform of the Senate; I have a gut feeling that they will not be able to run for this house for some period of time yet. In that event, I presume Senator Roblin and Senator Frith have given great thought and serious consideration to the choice of constituency in which they will seek a nomination so that they will be able to run for election to the House of Commons, which election, I hope, is not too far in the future.

With regard to Senator Sinclair, if he is not interested in running for election, I am sure he could always go back to the Canadian Pacific and his honest job as brakeman.

Senator Roblin: Brakeman he was not; anything else but that.

Senator Muir: I am sure Senator Sinclair understands what I am saying. He needs no defence. He can take care of himself, I am sure.

With regard to Senator Kirby, with his vast knowledge of the fishing industry, if he did not want to run for election, he could go back fishing. I am sure some of the in-shore fishermen would love to take him out fishing.

Returning to the subject of being summoned or appointed to the Senate, there are now 12 vacancies in this house. Because of the numerical imbalance which now exists between the parties, I would like to appeal to the fair play, intelligence and sportsmanship of the Prime Minister to fill at least 75 per cent of those seats with people of Conservative persuasion. Having said that, however, I do not plan on holding my breath.

Let me say that I know why most of you new appointees are here. I presume the Prime Minister said, "If I were to give you the opportunity to run as a Liberal in the next federal election, what would you do?" I have no doubt that you all answered, "Ask for another opportunity."

However, I do want to welcome all the new senators and explain about the prayers that we say before each of our sittings. Those prayers are said, not that God will watch over our deliberations, but that God, having heard some of our previous deliberations, will watch over the country.

I turn now, honourable senators, to the subject for the day—the Throne Speech. The Throne Speech can best be described as pointed like the horns of a steer: A point here, a point there and a lot of bull in between. On the other hand, the Speech could be compared to a fog horn: It drew attention to the fog but did nothing to dispel it. This government, I feel, will never change. It finds trouble everywhere, diagnoses it wrongly and, invariably, applies unsuitable remedies.

This is the Speech from the Throne which the Prime Minister promised in November 1982 would represent all that was innovative, bold and dynamic about the Liberal Party, and that is exactly what it has done. This is it, folks: this is dynamic, bold and innovative, and it is as dynamic, bold and innovative as this tired, old government is going to get. This agglomeration of soporific sops, with all the imagination and intellectual content of a "Gong Show," is the best they have to offer. It is a grandiose effort signifying little other than the fact that the government has no respect whatever for the intelligence of the average Canadian.

• (1530)

The speech refers to "perilous times". These are, indeed, perilous times when part of being innovative, bold and dynamic is to tell us that "abundant clear water is a precious Canadian resource" and that this government "will contain and curb the federal deficit." This is what we get from a team which promised in the mid 1970s to wrestle inflation to the ground—and that is a few years ago now.

What the government is saying in this speech is that they are well up on the questions of the day, "but, for God's sake, don't embarrass us for the answers!" They have approached every question with characteristic open mouth. How can we have any patience with a government which promises, in the short while it has before the execution, to do wonders by improving fisheries, forestry, agriculture, youth, high tech, exports and so forth?

I could hardly believe it when I heard that this government was against violent crime and hard-core pornography. Isn't that wonderful? I was elated and inspired to learn that they were in favour of more Canadian content on television; in favour of visible minorities; in favour of aboriginal claims; in favour of a program of growth, opportunity, security, partnership and peace. Isn't that wonderful? Boy, is that ever being innovative, bold and dynamic!

Honourable senators, one does not have to be in *Who's Who* to know what's what, and one does not have to be a genius to know that "them what's the problem, ain't likely to be the solution."

This government has run out of steam; it is devoid of new ideas; it lacks direction, imagination and will; it is confused and confusing. As it flounders around clinging desperately to power, it alienates more and more of the populace.

This government has lost the support and confidence of the people. Business and labour will not co-operate because they have lost respect for the government. The government cannot be depended on because there is no consistency to its policy directions. The government simply does not know where it is going, and the Speech from the Throne proves that. If you don't believe me, read the Speech from the Throne.

Because of its depressing record, this government lacks the credibility to formulate national goals and the conciliatory approach necessary to mobilize the support required to attain those goals. Under this administration consensus became a dirty word, and confrontation a national policy. The government had no mandate to destroy the energy industry through the National Energy Program, to force Canagrex down the throats of farmers, to nationalize the east coast fishery, to fundamentally alter the taxation system through the 1981 MacEachen budget, or to destroy the Crow rate.

What faith, honourable senators, can the people of Canada possibly have in this government or in this Speech from the Throne? They have only to recall the splendid promises made in the 1980 Throne Speech. Those promises should be compared to the economic facts of life which those same people have had to suffer since. It is a sad picture those economic statistics paint of our land over the past four years. Consider this disastrous litany: productivity down 6.5 per cent; unemployment up as high as 12.8 per cent; the Bank of Canada rate reached 21.24 per cent; inflation went as high as 12.9 per cent;

Hon. Royce Frith (Acting Leader of the Government): What is the rate now?

Senator Muir: I will get to that, Senator Frith, just bear with me. Take your patience pill and I will be right with you.

The net debt doubled; 10,765 businesses went under in 1982 alone; the dollar went as low as 76 cents American; there was a net inflow of $16.7 billion in direct investment capital; and government spending increased by 84 per cent. Nothing in the 1980 Throne Speech would have led one to believe that conditions would be that bad in the four years to follow.

What was achieved can be attributed to an incredible Liberal propensity for screwing up. You know, I hate to say this, but it is a propensity almost as impressive as their ability for getting elected. If things weren't bad enough, the economic recovery—which the government recently made so much noise about—we are now told by the experts, is losing its momentum.

Inflation, Senator Frith, is down to 4.9 per cent right now, but that is not due to sound economic management by this government; that is due to a downturn in the United States inflation, a sag in world oil prices and the impact of a severe recession on price and income growth. I can remember, when inflation was high, Liberal ministers travelling across this country saying that the United States was to blame. They said that Reagan and all those other characters in Washington were to blame and it was not the fault of the Canadian government. Now that the inflation rate is going down, those same people do not say that that is what is rubbing off from the United States. We blamed the United States for the increase in the inflation rate, so why not give them a little credit because we are rubbing shoulders so closely with the fact that it is going down?

What about employment? The problem is acute and chronic. Over 11 per cent of our work force is unemployed. According to what we are told by Statistics Canada, 1.5 million Canadians are unemployed. I am sure that even the Acting Leader of the Government will agree that there must be 300,000 or 400,000 more across this country who have become fed up with going to the Canada Employment Centres looking for jobs. They refuse to report because they have not had any success. They are trying to find jobs on their own, and if the Acting Leader of the Government wants to help me, I can tell him that I receive an average of five or six letters a day in Ottawa and six or seven telephone calls a day at my office in Cape Breton. Those letters and telephone calls are from people looking for jobs of any kind. They ask me to try to help them make a contact, so, if Senator Frith wants to help me, he can give me a list of jobs that are available so that in some way we can make a contact for those people. I would be only too happy to accept that list.

Over 20 per cent of our youth are without work. This is one of the most serious social problems in the country, not just for the present but also for the future. Youngsters who cannot find work, training or hope in today's economic conditions will be tomorrow's hopeless, underskilled, unemployables soured on life and bent on disruption.

What does the government do about this horrendous problem? It throws money at it to the tune of $1 billion, or so they would have us believe in the Throne Speech. As it turns out, that was just another of those shamelessly calculated exaggerations. There is really only $300 million more, but that is not the point. The point is that we do not need new "make-work" programs; we do not need new ministeries; and we do not need new bureaucrats. We want to be rid of statist solutions. Big government is the problem and not the answer.

● (1540)

We are up to our buns in government programs to counter unemployment. We have federal, provincial and municipal programs which are meant to create jobs, spread available jobs around, forestall layoffs, retrain workers and equip youngsters with marketable skills. They are all well-intentioned, but that does not keep them from being of limited value. There are simply too many of them. They overlap and even conflict with one another. But then that is part and parcel of this government's bureaucratic approach to things.

Employers cannot keep abreast of all the damned labour market programs to which they are expected to respond, let alone find out which best suits their needs and those of their employees. The government effort lacks focus and direction. It is cluttered with programs that are very often inconsistent with the practical requirements of business.

The youth of this country want permanent jobs. They do not want cynical, shallow schemes aimed at requalifying them for UIC benefits. They want to make a legitimate contribution. They do not want "make-work" programs. They are tired of being treated like children who must be kept busy at meaningless tasks lest they become discipline problems.

All the people of Canada want is to contribute—to contribute to the full measure of their capacity. They want to be part of a renewed economic wellbeing. They realize that no government is going to supply those useful, stable, meaningful jobs which they are after. The people of Canada realize better than their governments, apparently, that the solution to this problem lies with the private sector. I have heard ministers in the other place say that the government cannot find jobs for everyone. I think that only the private sector has the capacity to put all our able-bodied men and women to work. This country is operating at only 70 per cent of its productive capacity. I think this is a scandal and an outrage. There is no reason for it other than the fact that governments, with the federal government in the lead, have acted as a damper upon expansion.

Government policy has been consistently frustrating for businessmen and businesswomen. The entrepreneurs of this country, the risk-takers who dream and strive and set up enterprises, have not been encouraged.

I have already mentioned the number of bankruptcies that have resulted in a year. They have had all sorts of roadblocks placed in their paths. They have been subjected to all manner of bureaucratic delay. The rules and regulations which civil servants have dreamed up to make life miserable for the doers of this land would try the patience of a saint.

Don't get me wrong. We have a merge of government intervention and private enterprise. But governments cannot do everything and they should not dictate and direct every movement that occurs in the country.

We must come up with policies to encourage entrepreneurs to expand and thus create jobs. We must convince the risk-takers that profit is no longer a dirty word and that this country has faith in and respects the market system. We must assure the achievers that the government will not stand in their way and that they will not be actively prevented from seeking to do more and achieving better results. The spirit that must be rekindled in this country is one of enterprise, of initiative, of self-reliance and of self-respect.

I do not see our achieving that end with this Throne Speech. This Speech is the work of the same Prime Minister who once threatened to close down the enterprise system. This Speech is the work of someone still enamoured by those debunked statist approaches to government.

Let us have no more of these cynical "make-work" programs such as the Company of Young Canadians, Opportunities for Youth, Local Initiatives Projects and Winter Works Programs with their attendant bureaucracies. I agree that they are somewhat helpful, but they provide only temporary jobs. When our youth is employed on these programs, certainly it helps to keep them going and put bread and butter on their tables, but what it really does is give them enough stamps to go on unemployment insurance. Productivity does not result from such measures.

There is no need for a new youth ministry. I am sure that Senator Hébert, who is not in the chamber at the moment, would not appreciate that, but I say it sincerely and frankly. The fact that we do have a new youth ministry is going to create some jobs but it will create those within the ministry, for the minister and the staff, and will only create another bureaucracy. What is it going to do for the unemployed?

Let us do something imaginative for a change. Let us free enterprise. Let us get governments off the backs of the producers, cease to choke with confiscatory tax rates those who are trying harder, and, for the love of God, do not drown them in bureaucratic red tape. Do not have them all considered as crooks by trying to force them into income tax situations whereby even before they go bankrupt they are threatened with going to jail.

Let us down-size government. To borrow a phrase, government has become the tail that wags the dog.

Government, in co-operation with unions and the private sector, should review all labour legislation with a view to

ensuring that none of it constitutes an impediment to the proliferation of jobs. There has to be a coming together between labour and management and government and labour and the corporations. Businessmen and businesswomen, on the other hand, will have to co-operate more closely with schools in order to promote a better matching of skills and jobs.

All these things are possible, but not, I submit, while we are being governed by confirmed state interventionists. As I said, drastic situations require drastic measures. There are times when the state has to intervene for the good of the people, but not always and not in everything. State interventionists will never accept that the government that governs least is best. They want large governments. Large bureaucracies are what they thrive on because it makes them feel so important. It does not matter to them that these bureaucracies are an albatross around our necks, that they do more harm than good, that they enshrine mediocrity and ensure the evolution of a leadership not based on talent.

This Throne Speech has convinced me that there is nothing to hope for as long as these statists remain in government. They will continue to offer illusions, phoney promises and empty rhetoric. This Speech is the epitomy of cynicism, of all that is sham, evil and underhanded. It has trotted out the same old goals this government has consistently failed to achieve and the same old programs that have failed so miserably in the past. As I recall, some 30 items in the Throne Speech—all of which were announced five, six or nine months ago—have now been re-introduced as new goals or programs. To my mind that is not fair and it is not right. Ministers have been flying back and forth across this country, promising to do this and that, and now those promises re-emerge as new concepts for a Throne Speech.

• (1550)

This Throne Speech, honourable senators, is a monument to this government's past failures, the emptiness of its promises and the contempt in which it holds the people of Canada.

I pray that we will have a new Throne Speech soon, one authored by a government with a different philosophy and approach—a philosophy and approach that will get this country back to work again. If people know they have a steady job to go to, even though in some cases they are not earning large amounts of money, there is more contentment. Our basic aim should be to provide jobs for the people of Canada.

Some Hon. Senators: Hear, hear.

On motion of Senator Frith, for Senator Austin, debate adjourned.

PETROLEUM AND NATURAL GAS

ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO REVIEW TRANSPORTATION NORTH OF 60°

Hon. Earl A. Hastings, for Hon. Paul Lucier, pursuant to notice of Tuesday, January 31, 1984, moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the recommendations contained in the Fifth Report of the Special Committee of the Senate on the Northern Pipeline, entitled: "Marching to the Beat of the Same Drum: Transportation of Petroleum and Natural Gas North of 60°", tabled in the Senate on 30th March, 1983, and to enquire into any matter related thereto;

That the Committee have power to adjourn from place to place within Canada;

That the papers and evidence received and taken on the subject and the work accomplished during the First Session of the Thirty-second Parliament be referred to the Committee; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of consideration of legislation and other matters as may be referred to it.

Motion agreed to.

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE—PROPOSED AUTHORIZATION—NOTICE OF MOTION WITHDRAWN

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Motion No. 2, standing in Senator Sparrow's name, has been replaced by the motion of which he gave notice earlier today. Therefore, on his behalf, I withdraw Motion No. 2.

The Senate adjourned until Tuesday, February 7, 1984, at 2 p.m.

THE SENATE

Tuesday, February 7, 1984

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

Prayers.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, February 9, 1984, at 2 o'clock in the afternoon.

He said: Honourable senators, the motion is consistent with the plan we have been following for some weeks now, that of leaving Wednesday open for caucus meetings in the morning and committees in the afternoon. The plan is to continue with the same arrangement for next week and, generally, to do so unless we are faced with an extraordinary unexpected burden of work, particularly in the way of legislation.

Hon. Duff Roblin (Acting Leader of the Opposition): Would my honourable friend inform us as to what committees he expects will convene tomorrow afternoon?

Senator Frith: Honourable senators, I do not have that information at the moment, not having received notice. I shall try to get that information before we adjourn.

Hon. John M. Godfrey: Honourable senators, I would like to ask a question. I am a member of the Joint Committee on Regulations and other Statutory Instruments, which will be meeting Thursday morning, whether or not the Senate is sitting Thursday afternoon, and I will be at that meeting. What business is there that would bring everyone here for a sitting of the Senate on Thursday afternoon? I am aware of only one committee meeting tomorrow afternoon and the Internal Economy Committee is meeting on Thursday morning. What will the Senate deal with Thursday afternoon?

Senator Frith: The Senate will sit on Thursday afternoon to deal with normal business, including Question Period and a motion which, I am advised by the sponsor, will be debated partially today. There is also the potential for debate on the consideration of the report of the Joint Committee on Senate Reform and on certain motions regarding committees, particularly one which requires the involvement of the Senate because it establishes what could be called a precedent. I think there will be plenty for us to do on Thursday.

Hon. Jack Marshall: Would the deputy leader care to elaborate on the statement he made with regard to the committee that will create a precedent?

Senator Frith: Yes, I would, honourable senators. It is a motion which was introduced by Senator Marshall on behalf of Senator Sparrow. It provides that the Agriculture, Fisheries and Forestry Committee interview witnesses on any subject falling under its mandate without special reference to the Senate. I understand why Senator Marshall wonders at my use of the word "precedent" since this is something that the former Agriculture Committee did in the past. I had not noticed that this committee had taken the step to have that kind of authority. Therefore, when the motion is moved I propose to suggest that the Committee on Standing Rules and Orders consider this issue so that it can advise the Senate whether it wishes to authorize this sort of measure, and whether or not there is any danger in it.

Motion agreed to.

QUESTION PERIOD

[*English*]

EMPLOYMENT AND IMMIGRATION

SPECIAL EMPLOYMENT INITIATIVES PROGRAM—REQUEST FOR INFORMATION

Hon. Orville H. Phillips: Honourable senators, my question is for the Acting Leader of the Government in the Senate. The employment initiatives program announced in the last budget has been an item of some controversy recently. Can the Acting Leader of the Government provide the Senate with a list of the 844 projects approved under this program and the amount of money involved in each?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I shall try to do so. I wonder if there is any relationship between the question asked by Senator Phillips and the question asked by Senator Roblin with regard to programs dealing particularly with the province of Quebec, and information with regard to the other provinces. In any event, I shall study both questions and try to obtain the information.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I would like to explain that point if my honourable friend will permit. The two questions are quite unrelated. My question has to do with regional economic development. The question asked by my honourable colleague covers a much wider scope than that.

Senator Phillips: Honourable senators, the members of the other place who support the government were asked to submit projects for approval under this program. This has resulted in

large areas of the country being eliminated from the program. Have the supporters of the government in this chamber been asked to submit any programs?

Senator Frith: Honourable senators, the programs which are the subject matter of the question raised by Senator Phillips are of general application. I am sure that the government would welcome suggestions for job creation from any part of the country and from members of either house of Parliament. I understand that the Liberal caucus discussed this matter. I had assumed that the Conservative caucus had the same sort of discussion. Perhaps they overlooked doing so.

I assure honourable senators that the program is of general application. My information is that the government is happy to hear applications from any part of the country and that it wishes the program to be implemented in order that the problems to be addressed by the program can be successfully resolved.

Senator Phillips: Honourable senators, my question was very simple: Were supporters of the government in this chamber asked to submit projects for approval under this program? I appreciate the dancing around the honourable senator attempted to do; however, will he please answer the question?

Senator Frith: I understand why Senator Phillips is dissatisfied with what he describes as dancing around the question. It is because he wants to particularize the question and ignore the fact that, dance or otherwise, the truth is that the program is of general application.

With respect to whether or not any member of the Senate who is a government supporter was asked to submit a project, I do not know. I would assume that they would be included in the request to all members of Parliament in the Liberal caucus to submit proposals, and that the same would apply to the members of the opposition.

Hon. Richard A. Donahoe: Wrong again.

Senator Frith: I am sorry to hear that. It is not too late to put it on the agenda for tomorrow.

• (1410)

Senator Phillips: Your assumption is in error, honourable senator.

Senator Frith: Yes, I understand that now. Perhaps if you put it on the agenda for tomorrow, it can be dealt with.

PETRO-CANADA

OFFICE ACCOMMODATION IN CALGARY—REQUEST FOR ANSWER

Hon. R. James Balfour: Honourable senators, on November 17 I posed a question to Senator Olson, the Leader of the Government in the Senate, in the absence of Senator Austin. My question had to do with the rental arrangements of Petro-Canada in the City of Calgary. I do not know whether Senator Austin is aware of the question that was posed on that date. If he is not, may I ask that he review the question and respond to it, in the absence of Senator Olson.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I am not the minister responsible for Petro-Canada. In the ordinary course, that question is properly the responsibility of the Leader of the Government in the Senate or his deputy, as the case may be.

Senator Balfour: That being the case, may I request the Acting Leader of the Government to review the *Debates of the Senate* of November 17 and perhaps indicate to me when I might expect a response to that question.

Hon. Royce Frith (Acting Leader of the Government): Yes.

SASKATCHEWAN

WATER SUPPLY TO REGINA AND MOOSE JAW—REQUEST FOR ANSWER

Hon. R. James Balfour: On November 17 I also posed a question with respect to water supply arrangements for the cities of Regina and Moose Jaw. Senator Olson undertook to obtain a reply to that question. Would the Acting Leader of the Government take action with respect to that question?

Hon. Royce Frith (Acting Leader of the Government): Yes.

FOREIGN AFFAIRS

LEBANON—CURRENT SITUATION

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Acting Leader of the Government with reference to the disturbing situation in Lebanon, which, in terms of law and order, is deteriorating and, in terms of threat to the region's peace and to world peace, is accelerating. Has he any information for this house from our embassy in Beirut or from the Department of External Affairs as to the situation with particular reference to the safety of Canadians in that beleaguered city? Also, does the acting leader have any information as to whether or not it is the Canadian government's view that the diminution of the authority of President Gemayel has reached the point where the situation is so urgent that it requires some very careful and helpful action on the part of peace-loving countries such as ours?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I asked for a report on that subject and have received the following information from the Department of External Affairs:

> We are continuing to follow the situation in Lebanon with grave concern in view of the general deterioration in the situation over the past few days and the additional suffering being inflicted upon the inhabitants of that country.
>
> We have had no reports of death or injuries among the 1,870 Canadians registered with the Embassy, most of whom are dual nationals, or among Embassy staff. Canadians are being advised to take all precautions possible in view of the obvious risks.

We are maintaining close contacts with friendly embassies in Beirut in order to have their appraisals of the situation and measures being taken to protect their nationals.

Plans are in progress to move Canadian Embassy staff to safer locations when this can be done without placing them in even greater danger. It is intended that the risks should be reduced to the minimum consistent with our responsibilities to Canadians resident in Lebanon, our general support for and the interests of those Canadians who may have close relatives in that country.

A task force has been established within the Department of External Affairs to follow the situation and make necessary recommendations on steps to be taken in the current situation.

I shall attempt to keep honourable senators up-to-date on further information as I receive it on that subject.

Senator Macquarrie: I should like to thank the Acting Leader of the Government. For further reassurance, may I ask him if his report is of recent vintage, in terms of hours? I did hear that the United States was taking something close to emergency measures. I also heard about some of the personal safety moves that the wife of one of our newsmen there had made. If he can assure me that his report is very up-to-date, it will confirm my view that our people, in fact, are monitoring the situation with care and concern.

Senator Frith: The report is dated today. I cannot tell Senator Macquarrie the hour this report was released, but it was released this day.

EMPLOYMENT AND IMMIGRATION

YOUTH UNEMPLOYMENT

Hon. Jack Marshall: Honourable senators, my question is directed to the Acting Leader of the Government in the Senate.

In an interview, the Minister of State for Youth stated that, unfortunately, she did not have any new ideas for promoting employment for our jobless youth. In view of the fact that, in the Senate, youth affairs would be dealt with by the Standing Senate Committee on Social Affairs, Science and Technology, might it not be a good idea to have the minister appear before that committee to discuss her objectives? Perhaps that would assist in overcoming the precarious position of Canada's youth today.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, the idea advanced by Senator Marshall of the Senate's taking some action to remedy Canada's unemployment situation with regard to its youth is excellent. I have some thoughts on the subject, but I should like an opportunity to develop them further before sharing them with Senator Marshall and others. I support the suggestion and hope there is a way the Senate can help.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I would not like to leave on the record the implication that the Minister of State for Youth, Madame Céline Hervieux-Payette, does not have any ideas of her own. What she said in the interview was that she was determined to consult with youth groups before making major policy decisions.

I want to assure this house that she is a vigorous minister who plays an active role in developing policies with respect to youth, youth employment and career development.

Senator Marshall: I did not say anything against the minister. As a matter of fact, the one positive thing she said in that interview was that she supports Katimavik, which is an excellent program. I do not agree with her when she states, out of hand, that in order to provide youth with employment she doesn't particularly agree with the idea to expand Canada's military. I take issue with her on that. She said that unless there is more emphasis on job skills in the military, she questions the usefulness of such a scheme. I do not see any better way for the youth of our country to learn trades than going into the military or going into some paramilitary organization. If that were the case, our youth could develop trade skills and aptitudes and could decide what their contribution to the country was going to be.

Senator Austin: The Honourable Madame Hervieux-Payette has indicated an interest in the use of military training for youth career development, but her concern, and my concern, is the problem of access for trained people from that system to the trade positions within the provinces. There is much work to be done to ensure that training done within the military is accorded apprenticeship levels or journeyman levels that are appropriate in provincially regulated activity. Those are discussions I am sure she will be pursuing.

Senator Marshall: That is why I suggested in the first place we bring this matter to the attention of the Standing Senate Committee on Social Affairs, Science and Technology. I suggested that so we could obtain ideas from the various regions of the country. Many senators have good ideas and I believe that they could contribute meaningfully to the solution of this problem.

FOREIGN AFFAIRS

LEBANON—SAFETY OF CANADIAN NATIONALS

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I have a follow-up question to that raised by my colleague, the Honourable Senator Macquarrie, respecting the situation in Beirut.

When the acting leader replied to Senator Macquarrie, he said that officials in the Canadian embassy were consulting with other embassies in that city to determine what should be done with respect to the protection of Canadian nationals. It seems to me that the biggest difficulty facing Canadian authorities is to provide some form of protection for our nationals. I suppose it is also fair to say that we have no means of bringing that about by ourselves.

I am wondering whether this consultation with other countries, many of which will be in the same position, will result in a common policy for the rescue or the protection of foreign nationals in Beirut among whom Canadians would be included. It seems to me that we are facing an anarchic situation there. The death toll is running very high and we are pretty lucky that we have not lost anybody yet.

• (1420)

What initiatives can the government suggest as to how, perhaps collectively, other nations in a similar position would proceed regarding the safety of our nationals in that territory?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, according to the information I have already referred to, close contacts are being maintained with friendly embassies in Beirut in order to have their appraisals of the situation and measures being taken to protect their nationals. The implication is that the concern of all these embassies maintaining close contact will be to co-operate for the purposes mentioned by Senator Roblin. This exchange between him and me will be drawn to the attention of the department in order to ensure that my assumption is correct.

Senator Roblin: The initiative sounds useful to me, but it talks about protecting their nationals and I am particularly interested in knowing what we are going to do to protect our nationals. It is that aspect of the matter that I would like my honourable friend to investigate and perhaps report on to us at our next sitting.

Senator Frith: Honourable senators, the implication that the concern is for the protection of their nationals, I assume, is for the co-operative purposes we have been talking about, but we will endeavour to find out.

Senator Roblin: My question is: What are we doing?

Senator Frith: Honourable senators, it seems to me that some of you were not listening, when I read from the report, and for your benefit I will repeat it. In part it states that we are continuing to follow the situation in Lebanon with grave concern in view of the general deterioration. We have had no reports of death or injuries. We are asking Canadians to take all precautions possible, and are maintaining close contacts with friendly embassies to see what they are doing in order that co-operative activity can take place for the protection of all nationals that are represented by those embassies.

If there is anything that can be added to that, it will be added on Thursday.

CANADA DEVELOPMENT INVESTMENT CORPORATION

ELDORADO NUCLEAR LTD.—PETRO-CANADA—PRIVATIZATION

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Social Development. Can the minister responsible for the CDIC confirm that a portfolio is being developed on Eldorado Nuclear Ltd. with an eye to privatizing that company?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I should like to confirm that I have asked the directors of the Canada Development Investment Corporation to analyze Eldorado and prepare an evaluation so as to present me with options which would assist in its privatization. That work is ongoing. In public statements, including one made in Vancouver in mid-November, I have advised the private sector that the Government of Canada is interested in disposing of Eldorado either by the sale of shares or, alternatively, in the form of some assets pooling. Any such transaction is to be made on commercial terms. With the evaluation work nearly completed, I hope to move soon to a stage where discussions with private Canadian interests are feasible for the privatization, in one form or another, of Eldorado. I do not see any reason why the Government of Canada in the 1980s needs to maintain an investment in the uranium industry. Two or three companies in the private sector are very active in that field, and the strategic role that uranium played at an earlier time in Canadian energy and military history is no longer extant. I think that the Canadian government's public policy purposes for Eldorado have been achieved and the Government of Canada should now find a home for Eldorado's activities within the private investment sector.

Senator Phillips: Honourable senators, I am intrigued by the change in attitude of the honourable minister. I can recall that, not too many years ago, the minister did not think very much of privatization of crown corporations.

I am rather interested in the difference between privatizing Eldorado Nuclear Ltd. and privatizing Petro-Canada. Can he explain to us the fine distinction that exists there?

Senator Austin: I would be glad to help the honourable senator. I do not think he can pinpoint any statement made by me at any time in my public or private career that suggests that I do not believe the Government of Canada should put assets back into the private sector when they have fulfilled their public policy requirement.

I believe I have been totally consistent in my position that, when the Government of Canada enters into the acquisition of some interest that is normally a private sector interest, it should do so for reasons of public policy. These public policy reasons can be structural, that is, long-term, or they can be cyclical, that is, short-term. In the case of a cyclical acquisition, of course, the premise is that it will be returned to the private sector when the public policy concern has been discharged. That has always been my position, and it remains my position.

This is expressed through the Government of Canada's establishment of the CDIC, which I have described here at length in answer to questions by Senators Phillips, Roblin and others. Honourable senators will recall that CDIC was initially formed for the holding and disposition of the government's portfolio of investment in the Canada Development Corporation, a policy matter which, from the moment I had ministerial responsibility, I supported and sought to implement.

With respect to the honourable senator's specific question relating to Petro-Canada, I believe Petro-Canada was an investment entered into for public policy reasons of a structural kind. When the Government of Canada sought and received parliamentary approval for the establishment of Petro-Canada, less than 10 per cent of our oil and gas industry was Canadian-controlled—indeed, much less—and barely 10 per cent of that industry was Canadian-owned. Partly as a result of Petro-Canada, the balance is now more like 33 per cent Canadian-controlled and 66 per cent foreign-controlled.

Somewhat more than half of the change was wrought upon the Canadian economy as a result of the federal government's tax policy of encouraging Canadian investment—through drilling funds and other measures—in Canadian private sector activity, but Petro-Canada has played an important role.

Petro-Canada remains, for the Government of Canada, a public policy issue of high priority. It provides the Government of Canada with an important window on a significant industry in Canada's economic and social life. It has also provided the Government of Canada with an instrument to encourage rapid incentive and activity in the development of oil and gas exploration in the Arctic region, such as the high Arctic Islands and the Beaufort Sea. In particular, it has encouraged enhanced activity off Newfoundland in the Hibernia and off Nova Scotia in the Scotian Shelf. Indeed, in both those cases, Petro-Canada's presence has made a substantial difference to the rate of discovery and has changed our appreciation of the quality and quantity of the oil and gas resources that may be deposited there.

Senator Phillips: Honourable senators, the rather verbose reply of the minister indicates that he is as confused on the national energy policy as is the minister responsible.

• (1430)

Honourable senators, I have a supplementary question. Aside from this prospective privatization—if I may use the word that was so abhorrent to the Liberals—of Eldorado, is it the policy of the government to seek to privatize any of the other crown corporations for which the CDIC is responsible?

Senator Austin: If Senator Phillips found the previous answer to be verbose, then I would take it that his capacity to listen to a substantive answer is somewhat limited. Therefore, I will give him a short answer to this question.

It is the policy of the Government of Canada that any asset under the administration of the Canada Development Investment Corporation is for privatization. The decision, however, will depend upon commercial circumstances.

Hon. Richard A. Donahoe: Honourable senators, I wish to direct a further supplementary to the minister. He has been talking about the development of Petro-Canada. As he was speaking, it occurred to me that the people of Canada have paid for Petro-Canada through the medium of a tax on gasoline that was imposed at the pumps. I recently read in the newspapers that the purpose for that tax had been fulfilled. Enough money has been collected from the people of Canada to pay in full for Petro-Canada. As a purchaser of gasoline, however, I can confirm that one is still required to pay the tax at the pump.

The article to which I referred went on to say that it is the intention of the government to continue to impose this tax, notwithstanding that the purpose for which the tax was imposed has been met. The government intends to use this opportunity to add to the taxation of the people of Canada. Apparently the money will be used for additional purposes, which were unspecified. I understand that they will be purposes chosen by the government.

My question is simply this: Is it correct to say that the government intends to continue that tax? If so, can the minister inform us as to the purposes for which the money is to be used?

Senator Austin: I wonder whether Senator Donahoe noticed that legislation was passed by the other place and by the Senate in the form of amendments to the act in question authorizing a wider use of those funds for energy purposes. If Senator Donahoe needs the exact details, I will be pleased to obtain for him a copy of the amendments to that legislation.

Hon. Duff Roblin (Acting Leader of the Opposition): Perhaps that would be a good idea, honourable senators, because I recall this matter. I can tell my honourable friend that, at the committee stage of that bill, I inquired as to the authority by which this tax was still to be levied and the purpose for which it was to be used. I was not provided with an answer. I am still waiting for the answer. I would therefore be pleased if my honourable friend would provide it.

Honourable senators, I will resist the temptation to embark upon a debate on the National Energy Program, because whatever it may have done for the government it certainly ruined the industry. The NEP, combined with the price of oil, did a pretty good job.

ENERGY

PETROLEUM INCENTIVE PROGRAM—STATUS OF GRANTS FOR CANADA LANDS EXPLORATION

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I want to restrict myself to a question, which I asked in this chamber some time ago, to which I have not yet received an answer. It has to do with PIP grants. I asked for the total that has been committed in PIP grants over the life of the PIP program. I understand that the amount is in the neighbourhood of $5 billion to $7 billion. I also inquired whether any of the contracts between the government and the industry under which PIP money was dispensed had actually been completed. If so, which were they? If not, which were they and what sort of money was involved?

I would really like the minister to provide an update on what is happening to PIP grants, how much money has been paid out, how much money has been committed for the future and the status of these contracts between the government and private industry under which PIP grants are authorized.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I should first like to repudiate the rhetoric of Senator Roblin with respect to the National Energy Program. There is no doubt that he and I have different points of view. Like Senator Roblin, I will not enter into a debate on the matter now, particularly since this is Question Period. However, because he took an editorial view, I do want to say that the industry in Canada has benefited substantially from the infusion of funds under the National Energy Program. The honourable senator should carefully consider what took place when, first, the present Leader of the Opposition and then the Minister of Energy, Mines and Resources went to Calgary and spoke on the issue.

With respect to the question concerning PIP grants, which I well recall being asked by the honourable senator, I had stated that I had no ministerial responsibility to deal with the question and I therefore referred it to Senator Olson as Leader of the Government. Perhaps the answer is even now being prepared for the honourable senator.

Senator Roblin: I do not object to one minister bouncing the question around to another. What I really want is an answer. However, it seems to me that if there is any doubt as to whom the question should be directed, then it should be made clear so that we know to whom we should look for an answer. My understanding of responsibility for dealing with questions asked by the opposition is that they should be answered. Who does the job is the government's affair and none of mine; but I would like to know when the answer may be available.

Hon. Sidney L. Buckwold: Honourable senators, as the minister knows, although I sit on this side of the house I have been opposed to the National Energy Program from its inception. Perhaps our newer senators should be made aware that, as regional representatives, I consider it our duty to speak out and let it be known how such programs affect our particular area. Therefore, I would ask the minister to indicate how this program has benefited either Alberta or Saskatchewan or, indeed, all of western Canada, and whether the price paid as a result of dislocation of the industry, plus the continuing taxation imposed on the Canadian public, has warranted the expenditure of billions of dollars.

I remain interested in knowing details of any discovery by Petro-Canada of any great new sources of energy, as the minister has indicated in earlier statements. I have not heard any public announcements, but perhaps we are getting some inside information from him. People in the industry tell me that the exploration in the Arctic represents perhaps the greatest waste of public funds ever perpetrated on the Canadian public. My question to the minister is: In assessing the program, does he really believe that the benefits are worth the cost?

Senator Austin: Honourable senators, the short answer is yes, they are. They far exceed the cost. Canadians have indicated their strongest possible approval for a drive by government to ensure energy security in Canada, and these programs have been designed to ensure, to the extent that the resource base makes it possible, that Canadians have secure sources of hydrocarbon energy located within Canada and accessible to Canadians. It is not a perfect program, senator, but I believe it has brought about substantial benefits, and continues to do so.

I am sorry that the honourable senator has not followed the success achieved by the joint ventures in which Petro-Canada has participated, particularly on the east coast, in Hibernia and the Scotian Shelf. I believe it is clear, particularly to those honourable senators who represent the Atlantic provinces, that without Petro-Canada such programs would have been delayed for many years. It was the presence of Petro-Canada, willing to advance higher risk funds, that brought companies such as Mobil and Shell back into the exploration field—

Some Hon. Senators: Hear, hear.

Senator Austin: —and much of the exploration funding was provided by Petro-Canada on deals negotiated on a commercial basis—deals, I might add, which I thought were not altogether favourable to Petro-Canada.

Honourable senators have asked a number of other questions and opined considerably about the National Energy Program. I will be pleased, if a sufficient number of honourable senators are interested, to have a motion placed on the order paper to debate the matter or, alternatively, to send the matter to the standing Senate committee that deals with energy matters, when I will be pleased to ask the Minister of Energy, Mines and Resources to speak to those issues that concern honourable senators.

Senator Roblin: And a few others.

• (1440)

Senator Buckwold: Honourable senators, that is a very good idea. I think the time has come for the Standing Senate Committee on Energy and Natural Resources to review the National Energy Program not just with the Minister of Energy, Mines and Resources, who, I am sure, will be glad to present his point of view, but with other ministers and prominent and responsible people in and outside the industry who are affected by the program. I do not know whether this is the appropriate time to move such a motion, but, if it is not made by someone else in due course, I will be pleased to move that the topic of the National Energy Program be referred to the committee. I am sure the Canadian public would be interested in such a study.

My good friend and colleague, Senator Austin, knows my opinion, which comes from living in a different area of the country than he and that I would be very interested in finding out what actually happened. I take issue with one point the honourable senator has raised, namely, that, if it had not been for Petro-Canada—an organization, by the way, which I personally support in principle, finds such as Hibernia would not have been made. The honourable senator also mentioned that only Petro-Canada was willing to enlist additional public money to support some of these projects. These are the kinds of things the committee can investigate. I appreciate the minister's suggestion that this very important subject be open to public scrutiny.

Senator Austin: Honourable senators, I, too, live in Western Canada. My province has an important natural gas industry. Senator Buckwold and I have always differed on some of these subjects in a friendly but passionate way. I think such an inquiry would be of some advantage. It would give Senator Roblin and others of his persuasion the opportunity to test their theses and, most importantly, as Senator Buckwold said, it would give the industry, both Canadian owned and foreign owned, an opportunity to come forward to express their experiences and views on the National Energy Program and the effect it has had.

Hon. Earl A. Hastings: Honourable senators, the Standing Senate Committee on Energy and Natural Resources has met once; we gave consideration to our future work. At that meeting our view was that the time may be opportune for a review of the National Energy Program with respect to Canadianization and security of supply. We did not make a final decision, but I shall be happy to refer the discussion that has just taken place to the steering committee with a view to instigating such an inquiry into the National Energy Program or some sector of it.

[*Translation*]

OFFICIAL LANGUAGES

MANITOBA—POSSIBILITY OF RESOLUTION RESPECTING BILINGUALISM

Hon. Philip Deane Gigantes: I would like to ask the Acting Leader of the Government if he would consider proposing that this chamber express its indignation about what is happening now in Manitoba. If the Acting Leader of the Government is agreeable, perhaps he could try to associate the Acting Leader of the Opposition in an initiative of this kind. The Acting Leader of the Opposition has enormous authority in Manitoba, but unfortunately, his party has gone completely off the tracks, and especially its politicians.

All politicians have a duty to tell the truth, to avoid aggravating tensions, to refrain from putting false ideas into people's minds, to refrain from going around saying that what the Government of Manitoba is proposing will affect the chances of anglophones finding jobs in that province, which is not true. There is a whole series of lies that are aggravating tensions between Canada's two founding language communities. I would like to see the Acting Leader of the Government, in conjunction with the Acting Leader of the Opposition, attempt to express our indignation about what is happening now in Manitoba, where the unity of our country is at stake, because we are playing right into the hands of the Quebec separatists.

Hon. Royce Frith (Acting Leader of the Government): Personally, I support wholeheartedly the comments and views of Senator Gigantes. I have practically nothing to add to what he said. I share his concern about the situation in Manitoba. Relations between the federal government and a provincial government are always a rather delicate subject, but in this particular case, the situation existing in Manitoba today is certainly in danger of becoming a threat to Canadian unity. I hope the other senators share this view, and I am fairly certain I have expressed the opinion of the Government in this respect.

[Senator Buckwold.]

[*English*]

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to add a word to what has been said on this issue. I freely accord to any member of this house the right to bring in a resolution dealing with the subject. If the honourable senator wishes to do so, that is obviously his right as a senator and no one would complain about that. If members of the House of Commons wish to debate the subject, they will also find the opportunity open to them.

However, I wonder whether the question should be asked, "What good will we do by such a move?" The situation in the province of Manitoba is a very delicate one. Senator Guay understands it as well as, if not better than, I do. I think he would say that it is a delicate matter and one which, at the present time, is clearly and unmistakably within the provincial sphere of the Constitution. It raises the question of whether such a debate in this chamber would do any good for that issue or for any of the people involved. I must say that I have some reservations on that score. It seems to me that it might be considered an undue interference in the activities of that province under the Constitution, as it would be, say, if we were to interfere with the province of Quebec by debating here the status of English in that province—which some here, perhaps, were tempted to do in days gone by.

I urge caution before such a motion is introduced in this chamber. In a sense we have made a determination on the subject because shortly before Christmas, I believe, we debated a resolution on the question. That debate provided an opportunity to encourage the people of Manitoba to decide on this matter and to indicate the willingness of Parliament to consider the matter when it reached the stage where our consideration was constitutionally required. I believe that no one in this chamber dissented from that resolution, nor was there any dissent in the other chamber. So the general position of Parliament is clear.

I am left with the question of what good we will do now, if we attempt to re-examine this issue at this particular stage in the negotiations in the province of Manitoba. I understand the senator's motive and I do not impune it in any way, because it is a matter of great concern. The issue has reached a very unhappy stage in Manitoba. I, personally, and I am sure many others, have considered what contribution to make to the solution of that problem. My own conclusion is that at this stage it is inadvisable for a senator to undertake to intervene in the issue with which the legislature of the Province of Manitoba is seized. We may not like the way the matter is going and we may not like the way the legislature is handling it but, nevertheless, that is the fact. Considering the federal nature of this country and the nature of this particular issue, it seems to me that we might be well advised to ask ourselves whether we will add anything of a constructive nature to the solution of the problem by debating it here at the present time.

Having said that, I simply repeat that it is the right of every senator to bring in a resolution and to speak to this subject. In no way would I inhibit that right. If my honourable friend wishes to do so, he has that liberty. But I say to him that he ought to consider carefully whether such a move would truly be constructive and in the interest of not only my province but the nation.

● (1450)

Senator Frith: Honourable senators, I should like to add a comment with respect to one aspect of what Senator Roblin has said. I agree it is worthwhile for the Senate, and for senators, to reflect on whether anything useful can be done and whether it is appropriate for the Senate to deal with this question.

In reflecting on that issue, I advance the suggestion that in any federal country certain activities taken by the national government have an effect, politically, on the provincial governments. I have never known the provincial legislatures to be diffident about discussing such implications. There are times when a dimension of provincial political activity has a national effect. If I understand the issue correctly, that is the burden of Senator Gigantes' question. I support the idea of our giving consideration to whether it would be appropriate for us to discuss the events from a political point of view. I use the term in the small "p" political sense as opposed to the capital "P" sense.

Although the legislature of Manitoba is properly seized of the question constitutionally, I think that a case can be made for saying that there may be a dimension to this question that is national and that therefore would properly be a subject for our consideration from a regional-national point of view.

Senator Roblin: That may be true, but it brings us back to the fundamental question: Do you think some good can be done by this motion? I have to say that I think not; however, that is a subject about which every member of this house will have to make up his own mind.

Senator Gigantes: We are facing a situation in which politicians in the province of Manitoba are deliberately distorting the facts in order to inflame passions. The people of Manitoba are good people but the leadership in that province is misleading them. That is why I liked so much the comments of the Acting Leader of the Government, when he said that we do have a role to play and that we must speak out for the truth, because that is what is at stake. Lies are being used to divide the country and they are of the order of, "French on a cereal box will harm you"—well, let them eat the cardboard with the English on it.

PETRO-CANADA

OFFICE ACCOMMODATION IN CALGARY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have some delayed answers. I will start off with an answer to one of Senator Balfour's questions, which seems like a good opening since I told him I would try to obtain an answer for him. The reason I did not furnish this answer earlier is that technically, the question disappeared from the order paper when we closed the last session of Parliament. I say this not as an excuse but as a reason. However, Senator Balfour has raised the question again and it is one which deals with Petro-Canada. I do not have an answer for his other question, but I will try to obtain that also.

Some of the buildings Petro-Canada is vacating, as it moves into its new building will be left unoccupied and the company will have to continue to pay rentals until new tenants are found. That is not an unusual situation for any company, as I am sure Senator Balfour understands. There is considerable vacant space in Calgary and most companies are faced with this problem. However, Petro-Canada has found tenants for some of the space it is vacating.

Petro-Canada has a 70 per cent space allocation in its new building, which it has financed jointly with Belgian interests. It has a provision over the long term for obtaining this space at less than the commercial rate. In other words, it will save on its office requirements in relation to the going rate. Furthermore, 50 per cent of Petro-Canada's rent will be paid to itself because it is a 50 per cent owner.

Estimates of amounts paid by Petro-Canada in rentals—past and future—on empty building space cannot be made available because the company is endeavouring to find occupants for this space. Consequently, in the marketing process information concerning rental rates is considered to be of a proprietary nature.

Hon. R. James Balfour: I thought you said you had an answer.

Hon. Duff Roblin (Acting Leader of the Opposition): Is that an answer?

Senator Frith: Honourable senators, I clarify again that we try to obtain information that we always hope will be satisfactory. We endeavour to succeed as much as possible on the first part, that is, obtaining the information. We know that our success rate with regard to the second part is not always equal to that of the first part.

Hon. Lowell Murray: Do you make those words your own?

CANADA POST CORPORATION

SUBSIDIES TO FOREIGN PUBLICATIONS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin concerning subsidies that the post office provides for foreign publications. This is a two-page long answer with some excerpts from the *Canada Gazette*.

Canada Post Corporation is responding to a government policy decision to cease subsidizing postage for foreign publications. This regulation change will mean that no new foreign publications will qualify for preferential rates while the corporation is reviewing its publication mail product lines and rate structures in anticipation of moving to more commercial rates for foreign publications. It is too early to speculate on what

decisions the corporation and affected customers will make on future rate levels and product lines.

There is some background information which I suggest be made part of the answer. We can deal with it further on Thursday if that is satisfactory to honourable senators.

Hon. Duff Roblin (Acting Leader of the Opposition): Does the background information include the subsidies that are provided for foreign publications in Canada now? I think that was part of my question.

Senator Frith: I believe it does; however, I will have to check that. I suggest we make it part of the answer.

Senator Roblin: I will take a look at it, then.

(*The background information follows*):

BACKGROUND

The federal government has for many years subsidized the second-class mailing costs of both domestic and selected foreign publications.

Since 1979-80, Canada Post has been compensated by the federal government through the Department of Communications (DOC) for its losses on publisher's rate categories.

In December, 1982, cabinet decided to "split" these funds into two parts.

Approximately $53 million will be used to buy postal rate reductions by DOC, in the interests of furthering specific government policy objectives. The reductions will be subject to negotiations. Approximately $170 million is also paid by the government to defray those (historical infrastructure) costs associated with preferential rates (beginning in the fiscal year 1983-84). In time, it is anticipated these infrastructure costs will be reduced and absorbed into the overall operating costs of the corporation.

While eligible foreign publications now enjoy this subsidy as well, DOC announced July 14, 1983, that it intended to end this practice following the end of the "6 & 5" restraint program in 1984.

A freeze will be placed on further applications for registration for both the code 5 and 6 categories ("foreign publications mailed in Canada" and foreign publications "printed in Canada").

Canadian publications will not be directly affected by the July decision.

Foreign publications which presently benefit the most from foreign subsidies include *Time* and *Newsweek* magazine and a group of six magazines published by the Jehovah's Witnesses.

The amendments were printed in the *Canada Gazette* Part I on January 7, 1984.

It is recommended that anyone wishing to make representations do so before February 21, 1984, although they have until March 7, 1984. This is in line with section 17 of the Canada Post Corporation Act under which the corporation is required to give interested persons an opportunity to make representations.

A news release announcing the gazetting was to be issued January 6, 1984.

Newsweek remains the only major publication to have applied for the privileges in the past year.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Acting Leader of the Government): I have a delayed answer to a question asked by Senators Roblin and Guay on February 2, 1984, concerning what form of public exposure will be given to the conclusions of the Joint Technical Committee on the Garrison Diversion project.

The Joint Technical Committee reports to the co-chairmen of the consultative group on the Garrison project and must submit a joint report on each of its meetings to the consultative group.

I think that most senators interested in this subject understand that the consultative group is the group that deals with the project and, particularly, deals with the implementation of Phase I and any effect on Canadian waters.

Hon. Duff Roblin (Acting Leader of the Opposition): Who is on the committee?

Senator Frith: The Joint Technical Committee, which is the subject matter of the question, monitors the implementation from a technical point of view, as I think Senator Roblin mentioned in his question.

The Joint Technical Committee, however, made a specific decision to prepare a press line at the end of each meeting, although it is an advisory body that is not particularly seeking publicity.

The consultative group, itself, will be meeting in Washington in April and will also prepare a press line.

Senator Roblin: Before my honourable friend goes on to the next delayed answer, I must confess that I am unaware of who make up the consultative group, which is apparently the decision-making body, is that correct?

Senator Frith: Yes, that is correct.

Senator Roblin: I would trespass on my honourable friend's good nature to ask him if he would tell me in due course who they are.

Senator Frith: I will try to find that out. I will also endeavour to verify whether the decisions made by the consultative group are what can be called policy decisions and whether it is up to the technical committee to advise the consultative group of technical questions that require its policy decision, which is my understanding. I will try to find out not only the names of those who sit on the consultative group but also whether I am right with respect to its mandate.

Senator Roblin: Is the point that the consultative group decides what will be done?

Senator Frith: That is precisely my understanding and that is what I wish to be sure about.

Hon. Joseph-Philippe Guay: Honourable senators, I have some supplementary remarks to make with respect to this issue. It seems to me that it will be too late by the time this meeting is held in Washington in the month of April. I do not see any particular reason why this letter is being delayed. Can the acting leader tell me why they will wait until April 1, which is more than a month and a half from now, before holding a meeting or making representations to Washington? The provincial government in Manitoba is, in fact, putting pressure on the federal government right now to hold a meeting as soon as possible.

• (1500)

Senator Frith: Honourable senators, I have almost despaired of reaching any sort of meeting of minds with Senator Guay on this process, but, for the record, I would like to get it straight as I understand it.

The Consultative Committee is not there to apply pressure; the Consultative Committee is there to be sure that any implementation of Phase I, represented by the $53 million that is in the budget, does not affect Canadian waters, because that is the undertaking which has been given. The problem for the Consultative Committee is exactly the problem Senator Guay is concerned about, and that is to assure themselves that implementing Phase I does not affect Canada or Canadian waters.

On the other hand, the technical committee is there to examine the technical implementation of the program and to advise the Consultative Committee, if they are of the opinion that the technical aspect of the implementation in any way goes against the undertaking that Phase I will not affect Canada.

That is my understanding. I know that Senator Guay knows that that is my understanding. However, he seems to feel that the Consultative group is there to apply pressure to change the policy. As I understand it, the Consultative Group is there simply to say to the United States: "You have given an undertaking that the implementation of Phase I, for which the $53 million is allocated, will not affect Canadian waters. We are here to keep an eye on you to make sure that that is true." The technical committee is there to make sure that it is true, technically.

Senator Guay: I have a supplementary. You may call it Phase I or whatever you like, but every time the Americans spend a dollar on this project they are coming closer and closer to the Canadian boundary.

I shall give you one example of what is in my mind and the reason I am concerned. If you are building a house and you call the basement Phase I, the fact is that the basement for that house is being built and someday there will be a roof on it—

Senator Roblin: And that will be Phase II.

Senator Guay: That will be Phase II. I am concerned by the fact that they are building Phase I because when Phase II eventually comes about, then we will be affected in Manitoba. That is my concern.

Senator Frith: Honourable senators, for the reasons I mentioned in my earlier answers, I do not think that the analogy is apt.

NATIONAL REVENUE

TAX-EVASION—PUBLICATION OF LIST—GOVERNMENT POLICY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Nurgitz on February 2, 1984. Perhaps in the future I shall not use the word "answer", since it is obvious that the opposition often does not treat the matter as an answer. In any event, if I understand the rules correctly, what the government is bound to provide is information.

With that in mind, I have information in response to a question asked by Senator Nurgitz on February 2, 1984 concerning the publication of a list by Revenue Canada of persons or firms convicted of tax evasions between March and September of 1983 which also contained a list of those acquitted of charges.

The Minister of National Revenue informs me that the publication of such lists has been common practice in the department for a long time. Honourable senators will remember that I shared the hope expressed by Senator Nurgitz that it was not a matter of policy to do so. However the justification is the one that we anticipated.

Senator Nurgitz asked why the names of those persons or firms who have been acquitted are published along with the names of those who have been convicted. The reason is that, if the individual in question has suffered from the publicity around the fact that a charge was laid, it should also be publicized that his innocence was recognized through an acquittal by the court.

I agree with that reason in part. Certainly, if someone has been charged and there has been publicity and then that person or corporation is subsequently acquitted and wishes that information to be publicized, I think it should be publicized. Therefore, I am heartened to find out that there is a special task force within the department's information division, part of whose mandate it will be to review information practices; the practice of publicizing convictions and acquittals by the courts will also be examined. I mean to convey to the minister the concern I share with Senator Nurgitz that this refinement to the question of publicizing acquittals be given consideration, in addition to considering the whole question.

Hon. Nathan Nurgitz: Honourable senators, I have a supplementary, if I may. Surely, the Acting Leader of the Government understands that one does not need a task force to take the innocent and throw them in with the guilty. This is a government, I might add, that is committed to such things as the Charter of Rights and the rights of individuals. When we

on this side of the house indicated that we did not wish those rights enshrined in the Constitution, we were told that we were against those rights.

I would also point out that there have already been newspaper articles referring to taxpayers who have been angered. The Toronto *Globe and Mail* features a story that says, "Release of Name After Tax Acquittal Leaves Man Angry". Naturally he was angry, since, if people were not previously aware that he had been charged, they were certainly aware once they read the list that had been published.

I would like to quote from a release of Revenue Canada:

> According to a summary of prosecutions released today for the six-month period, Revenue Canada Taxation prosecuted 107 taxpayers for evading taxes of nearly $2 million.

Included in that figure of 107 are twelve taxpayers who were found not guilty; included in the $2 million are monies that were found not to be owing to the government, not having been evaded.

This is my question to the Acting Leader of the Government: Will he agree to add the innocent to his figures of those prosecuted; to add to the amounts that the department claimed were evaded the amounts found not evaded, and will he agree with me that this is a despicable practice and that all we need is common sense and the ordinary laws that we adhere to on a day-to-day basis and not, in fact, a task force to tell us that?

Senator Frith: Honourable senators, I cannot associate myself with the adjective "despicable," but I can associate myself with the idea and the principle that, within the context of the need for publicity, there may, indeed, be a case made for the need for some publicity with regard to prosecutions.

If I could digress a little here, as honourable senators well know, for example, with reference to restrictive trade practices, for many years it was felt as a matter of policy that part of the enforcement and sanction technique was to ensure that there was plenty of publicity about these sorts of prosecutions.

It seems to me, however, that Senator Nurgitz and I clearly agree that there is a question about the need for publicity. The second question is: Is there any advantage in publishing a list of those convicted? That is something that this task force should look at.

The next question is: Should there be publicity with regard to those who have been acquitted? It seems to me quite clear that, very frequently, the charge is laid and it is many years later that the charge is disposed of. In such cases, the matter is often totally forgotten, and then, when someone is acquitted, the whole matter is raised again. It seems to me that, if the department is going to proceed with that system, acquitted persons should be able to say whether or not they wish to be involved in any publicity.

On the last point raised by Senator Nurgitz, which is that even if they do proceed with that system, they should be careful exactly how they word the charge, that, too, should be the subject of agreement by the accused. I hope the task force will also look at this area.

[Senator Nurgitz.]

Senator Nurgitz: I am sure other honourable senators will agree with me, when I say that I do not care what a task force might or might not agree to or recommend.

• (1510)

I put it to the acting leader that to publish a person's name, home town, occupation or business, the description of the offence, the years in which it took place and the tax amount alleged to have been evaded, and then to insert the word "acquitted" does prejudice an innocent man. If that does not, what does?

Surely, we can ask the department to announce a policy today that will avoid that happening again. We ought not to wait for a task force to report, but should ask the department to make a policy announcement on that now. I ask the acting leader whether he agrees with that.

Senator Frith: I agree that we should ask for that now.

OFFICIAL LANGUAGES

MANITOBA—POSSIBILITY OF RESOLUTION RESPECTING BILINGUALISM

Hon. Charles McElman: Honourable senators, with your indulgence, I should like to add to the subject raised by the Honourable Senator Gigantes.

I have been feeling somewhat guilty sitting in my seat saying nothing. As the Acting Leader of the Government in the Senate considers the proposition put to him, I ask that he consider the opinion of one New Brunswicker. It is too bad Senator Robichaud is not present today because he could contribute a great deal to this subject.

I was somewhat involved in New Brunswick when certain people inflamed the emotions of the residents of that province. That caused a situation to arise in New Brunswick similar to that now prevailing in Manitoba. Let me say that I have tremendous sympathy for all of the people of Manitoba because of the very difficult circumstances in which they are now living. I hope that they find a quick solution to their problem. It is sad when emotions are raised in a country such as this along the line of racial issues or language issues. It is very difficult for any government and any party to regain control once emotions have taken over.

As I have said, I lived in New Brunswick when the residents of that province were involved in a similar situation. I suggest to the leader and to all honourable senators that the best service the Senate can give to the people of Manitoba at this point in time is to let them settle the problem in Manitoba.

Hon. Jack Marshall: Hear, hear.

Senator McElman: If the Canadian Parliament had intervened in the affairs of New Brunswick at the time emotions were running high, it would have done no service to the people of that province. People in all political parties would have considered that to be mischief-making, and very dangerous mischief-making.

Finally, honourable senators, legislators in Manitoba must be going through a very serious time at the moment, because surely they know, and surely we must understand, that one cannot legislate people to do anything they will not accept.

New Brunswick became the only legally official bilingual province in Canada, not by continuing to stir emotions, not by heeding interventions from outside the province, but by reaching a point in time where it was felt the majority of the people in New Brunswick were prepared to do the right thing; then the right thing was done.

Although it was the Honourable Louis Robichaud's administration that brought in that initial legislation, I am delighted to say that Premier Hatfield, the leader of the Conservative government of the day, has matured that legislation and has helped to solve the problems that have arisen.

So, too, as in New Brunswick, the people of Manitoba can be legislated to do only what they are prepared to accept, and nothing this body can contribute at this point in time would do anything but make mischief.

Some Hon. Senators: Hear, hear.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE ADJOURNED

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, I yield to Senator Donahoe.

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

Hon. Senators: Agreed.

Hon. Richard A. Donahoe: Honourable senators, it is with a certain amount of trepidation that I rise to discuss this report. It is a matter of speculation at this time as to what action, if any, will be taken as a result of this report. It is conceivable that the recommendations in the report may be adopted; it is equally conceivable that they may be rejected. If they are rejected, then one could say it is as a result of the deliberations of this body that we ceased to make any progress in the direction of reform of the Senate.

This afternoon I am going to speak in essence to express the ideas which I expressed in Halifax at the time I appeared before the joint committee. I hasten to say that the ideas I expressed at that time were warmly greeted. I was applauded for having expressed them, I presume both for the ideas and for the manner in which they were expressed, but I can assure you that little or no attention was paid to them when the report was prepared, because my views are not at all consistent with the views of those who wrote this report.

I said I was a little fearful about this occasion this afternoon, and I am, because I do not wish to have it said that anything I say in any way stood in the way of reform of the Senate.

We on this side, and myself in particular, are just as ready to see the Senate made more effective and more useful as is anybody who sits on the other side of this chamber, but where we part ways very often is on the question as to how that can be accomplished.

I admit quite freely, as I admitted before the committee, that I am not an innovative person. I am not a person who can express great ideas as to how one should solve one's problem, but I am a pretty good fellow—and I said this before the committee—to point out the mistakes you will make if you do what you are proposing. In other words, I can see what is wrong with a proposition a lot more easily than I can construct a successful proposition of my own. This report we are discussing deals with an issue that has been debated for many, many years.

I think it is fair to say that the question of whether we had a valid and valuable Senate arose almost as soon as Confederation itself. There have been many arguments about it. It has been like the sea; the tide comes in and the tide goes out. There have been times when the surge of opinion about the necessity of reform has been very great. There have been other times when it attracted little or no attention. As I said, it is like high tide and low tide. The curious thing about a tide is that when it has ebbed the land remains pretty much untouched. The surge of opinion back and forth about the Senate brought about very little change. There have been some changes but they were of little significance.

● (1520)

I read an article in the newspaper the other day about Senate reform and I now want to discuss it because I think it requires discussion. The headline read "Trudeau Blames the PCs for Delaying Senate Reform." I thought that that was an awful thing to say because as a Progressive Conservative I had expressed the view that I supported sound propositions which have been put forward for Senate reform. I am not against reform but I am against change unless it is going to serve a useful purpose. Having read that headline, I was curious enough to read the rest of the article. I do not know how many of you read it, but I invite you to read it. My interpretation of what Prime Minister Trudeau said in that article was that he had tried to reform the Senate. He introduced a bill in the House of Commons, sent it to the Senate and got all kinds of objections to it. He said that the bill did not pass because the PCs stopped its passage. That may be his understanding of what transpired, but what the PCs said was that this proposition which Prime Minister Trudeau was putting forward was one which is beyond his legislative power. He does not have the right under Canada's Constitution to put this legislation forward. The PCs said not only that but they also said that he should not take our word for it but put the matter before the highest court in the land, the Supreme Court of Canada. They suggested that that body should decide whether Mr. Trudeau

has the right to pass this type of legislation. That legislation was withdrawn. Do you know why it was withdrawn? It was because the Supreme Court of Canada decided that this legislation was beyond the jurisdictional capacity of Mr. Trudeau. Despite such merits they might have felt it had, they decided it was unconstitutional. That decision was made by the same body that honourable senators opposite me, and even some of them around me, thought should be made the major decision-making body as to whether a person's human rights were being attacked. The Supreme Court of Canada has the power to decide on legal questions concerning what takes place in this country.

You have all heard, and you will hear again, that the Senate is an ineffectual and useless body. Even two members of the Special Joint Committee on the Reform of the Senate said that the Senate should be abolished. There are many outside the Senate who do not hesitate to say the same thing.

You must bear in mind that the body that made these recommendations to us largely represents the same group of people who brought forward the proposition that was defeated in the Supreme Court of Canada. As I said, the Supreme Court of Canada is an appointed body, as we are. On what grounds is our power and our ability questioned? Is it on the ground that we are not wise, is it on the ground that we are stupid and on the ground that people get into the Senate who never should be here? It is not on any of those grounds but on the ground that we are an appointed body.

Do not misunderstand me. I am a lawyer and I am not criticizing the Supreme Court of Canada, but if you read the Constitution of Canada it says that the Supreme Court of Canada is an appointed body to which vast power has been given. Its judges did not have to get elected to gain that power; they only had to meet the approval of the person who appointed them. The person responsible for the appointments to the Supreme Court of Canada is the identical person responsible for the appointment of senators. He appoints us to the Senate and he appoints the judges to sit in the Supreme Court of Canada. Judges are worthy of being extolled and placed on the highest pinnacle and given all that power. At the same time, because we are an appointed body we should not be listened to.

I speak with some trepidation about this report. It is my hope that this report will be rejected. I do not wish to be put in the position that somebody like Mr. Trudeau can say of me that "that senator from Nova Scotia contributed to standing in my way by preventing reform of the Senate." Regardless of what I may think of this report and regardless of any remarks that I may make about it, I sincerely believe that much can be done to improve the Senate and make it a more effective body. I do not think that electing its members can accomplish that.

I have in my hand a copy of Issue 13 of the transcript of the evidence given to the Special Joint Committee on the Reform of the Senate. That issue includes a report of the speech that I made to the committee in Halifax. I do not intend to bore you by repeating my entire speech. I believe that some of you will never take the trouble to read it and, of course, all of you were not present when I gave that speech and you deserve to be regaled by it, but I will leave that regaling to you. I recommend the speech to you as a good one, a sound one and it has some excellent ideas in it.

Hon. Royce Frith (Acting Leader of the Government): You are going to have to work on that humility problem.

Senator Donahoe: Ideas speak for themselves. They do not necessarily rely on what I say about them. It is not that I have put forward these ideas but it is merely that of themselves they carry weight and importance.

There are a couple of paragraphs of this speech that I think are worthy of being repeated this afternoon. The first paragraph, which is on page 13:43, reads as follows:

> Well, I want to tell the committee this morning that my reason for being here is that I do not believe in an elected Senate. I do not believe that an elected Senate would solve any of the problems or give any more or greater credibility to the Senate than it enjoys at the present time.

I do not want to belabour the subject or try to convince you that that is true. I want you to understand that when I discussed this report I started from the premise that I do not believe in an elected Senate.

There are several other paragraphs that might be of interest to honourable senators.

At page 13:45 it states:

> We,—

By "we" I am referring to honourable senators—

> —of course, feel that we are equal to the House of Commons right now.

Does anyone want to argue that point? I am ready to debate the subject. It goes on to state:

> It is true that constitutional amendments are not available to us—

I am sure I will not get any argument about that. The power of negating any proposition relating to the Constitution was taken away from us by the Constitution Act, 1982.

• (1530)

Senator Frith: Only the absolute veto.

Senator Donahoe: I beg your pardon, the power of negating any constitutional amendment was taken away from us by the statute. I do not care what the Acting Leader of the Government in the Senate says; that is a legal fact.

Senator Frith: Only the absolute veto was taken away, not the power to negate.

Senator Donahoe: If the power of negation is to be interpreted as not meaning the power of veto, then I do not understand the English language.

Senator Frith: The absolute veto.

Senator Donahoe: I think that "the power of negation," as I used it, means that we have given up our right of veto to a proposition relating to the Constitution and that, therefore, we cannot negate. We cannot deny the House of Commons what it wishes to say about the Constitution. If it says it, we can

make the members think about it, we can delay it, and we can hold it in abeyance for a certain length of time, but we cannot prevent it from passing; that is all I said. We cannot negate it.

I do not care what the Acting Leader of the Government thinks the word "negate" means. "Negate" to me means that you cannot do it.

Senator Frith: The feeling is mutual.

Senator Donahoe: We will not carry on a personal argument about the meaning of the English language because I am sure all honourable senators have dictionaries and can look it up for themselves. If "negation" does not mean that you can stop something from happening or you can deny someone the right to do something, then, in my view, it does not mean anything.

Just so there can be no mistake and just in case I am wrong in my interpretation of the word "negation," then I say we have lost our power of veto over a constitutional amendment. I do not hear anyone take issue with that statement.

Senator Frith: Absolute veto.

Senator Donahoe: I think the two statements are the same, but I will phrase it in this way so there can be no misunderstanding.

> —we have only a suspensive veto with respect to constitutional amendments.

I do understand what goes on.

> But it is equally true that we have wide powers of authority with respect to most things, except the money bills. I am not going to make any reference to the money bills, but our general scope of authority is a wide one. It is said: Oh yes, but the Senate never exercises it. I say: Look, if I carry a club in my hand, I do not have to hit you over the head for you to know that I have the club. The club is there, and you know that you can take me so far. You can take me a long, long distance, and I am not going to use the club. But you also know that if you go too far you will get whacked over the head with the club. That is exactly the position the Senate is in.

As a result of the Constitution, we are no longer in that position.

If we follow the recommendations of the report, we will destroy our last remaining power; our last remaining rights of veto will be taken away from us, and we will be reduced to merely a debating society with a suspensive veto. No one pays a damn bit of attention to us now, and I guarantee that they will pay a hell of a lot less attention to us then. They would not ask whether we were elected or appointed. They would simply say, "We don't give a damn; we will do what we want." In other words, we will have lost our power, and it will not be restored to us merely by the fact that someone has voted to put us in this chamber. They will elect us to this chamber to be nonentities, and nonentities we will remain.

When I talk about the future of the Senate, I want it to be perfectly clear that, when I stand for an appointed Senate, I am not advocating anything in my own interest.

Hon. Raymond J. Perrault: Honourable senators, may I rise on a point of order?

Senator Donahoe: Certainly.

Senator Perrault: I am very pleased to inform honourable senators that Canada has just defeated the United States 4-2 in the first game of the Olympic hockey competition.

Hon. Senators: Hear, hear.

Senator Donahoe: I thank the former leader for the interruption because I cannot think of any better news, and I cannot think of it coming more auspiciously since it provides a measure of relief from having to listen to me.

Another paragraph in my speech reads as follows:

> We have a veto with respect to legislation produced from the House of Commons. We have no desire to exercise it. We have no need to exercise it in the main because we polish, refine and consider the legislation so when it comes forward it is in the main well-considered legislation. I do not say it is good legislation necessarily, but I believe that under our system we have a government which is going to bring forward what it believes to be good for the people. It is not the function of the Senate to say that it is going to stand against the people and prevent them from getting what the government they elected thinks they should have. Therefore, we do not exercise our veto capriciously or extensively; but it is there and it is always available and it serves as a curb, in my view at least, on the House of Commons as to what they can do.

I am prepared to argue that proposition.

I should also like to read a paragraph which deals with the conference of the provincial premiers. It states:

> With respect to the premiers' conference I only want to say this—and this is a purely personal opinion: I think in some ways it is a complete new growth of a non-justified and unwarranted level of government. I do not believe the premiers of the provinces are elected to perform the function that is now being performed in the premiers' conference. If a province is to speak, I see no reason why the province should speak merely from the voice of one man without his being required to consult his own caucus, to consult his own party, still less to consult the elected legislature. In my opinion, it is frequently overlooked that we are listening in this country to a conference of individuals no greater and no better than I am with opinions no better based than mine—different, perhaps, but no better based. They are simply speaking those opinions that come to them by virtue of the exercise of their authority; they are speaking on subjects they were not elected to speak on and on which they have no mandate to speak.

That is what I think. When we considered amending the Constitution of this country, the premiers met with the Prime Minister of the country, but nothing happened. Why? There was no agreement; there was no consensus; there was no authority for the Constitution to be amended, but it was amended. How did it become amended? It was amended

because, at a certain point, those men sitting in that room together, Mr. Trudeau and his confrères from the various provinces—most of them belonging to my party—said, "We will accept what you are proposing to be the Constitution of Canada." I have left out the fact that Mr. Lévesque did not consent. He withdrew, and they chose to ignore Mr. Lévesque. They chose to believe that the consensus of all the other provinces was a true consensus, and they proceeded on that premise.

Honourable senators should understand that no real progress towards amending the Constitution in the way it was done took place until it was decided at the premiers' conference that it should be so amended.

● (1540)

In my opinion, honourable senators, those men were not elected for that purpose. Those men were not briefed on the matter. While they may have been briefed by their own employees, they were not briefed by the public, nor did they take the public into their confidence as to what they were proposing to do. I am of the opinion that that is not the right way to go about things.

Honourable senators, the Senate has been criticized for not carrying out its function, which is to represent adequately the regions of the country. I told the members of the committee that during the five years I have been in the Senate, nobody—no private citizen, no businessman, no politician, no elected member, no provincial cabinet minister, no premier—has ever said to me, "Look, you are in a valid position to affect what is going to take place in our province. Please use the forum that has been granted to you to make those men and women in the Senate understand that such and such is the view of our province."

Honourable senators, perhaps the greatest criticism of this body is that the Senate is here at the whim of the Prime Minister in power. Do not misunderstand me. I am not necessarily saying that the same would not apply if a prime minister of my political persuasion were in power. I think that he would do exactly the same thing. Perhaps I should not mention this, but I believe that the leader of my party has even made statements to that effect, namely, that if he were in power he would appoint his party supporters to this body. Therefore, I am not criticizing the appointment of party supporters to the Senate. I simply think that some of the appointments are much better justified than others, but that is a personal opinion. I hesitate to express that opinion because it is not going to change anything. The people who have been chosen by the Prime Minister are here and I hope and pray that they will serve as ornaments to this body. I hope that they will bring contributions of value to this body.

This afternoon I listened with interest to Senator Gigantes. Although I am not in the least ready to agree with him—I join in the opinion of my deputy leader that his is a much mistaken suggestion, and I was interested to hear it criticized from the other side of the chamber as well—nevertheless I think it is good to see new senators come forward with ideas. They may not be ideas that stand, they may not be ideas that are accepted, but it is refreshing to think that there are senators who identify problems and who think that the Senate should have something to do with solving those problems.

Honourable senators need not be alarmed; I have only a few more comments to make. At the committee meeting to which I referred, somebody—it does not state who—listened to me and decided to be a little pejorative. He said, "In other words, you are a Conservative." I have never denied that I was a Conservative. I have belonged to the Conservative Party all my life. It is true that that party, in true Conservative fashion, has advocated change only when it was felt that proposals were improper; it has gone along with progress. Today, then, we call ourselves Progressive Conservatives.

At any rate, in answer to the criticism that I was a Conservative, I said:

> That may be.

I even repeated myself:

> That may be. I do not believe in change for the sake of change, I will tell you that. I believe that I want to know that my change is going to be an effective one, and that is what the professor said when she sat here too.

The professor to whom I referred was the witness who appeared immediately before me. While I do not intend to read what she said, I do not mind telling honourable senators that she said many things of great value with which I could agree.

I went on to say:

> Do not just elect a Senate because you think it might work, and hope and pray to God that it will work; do not do that. What she is saying is: be pretty well satisfied in your mind before you opt for an elected Senate that it is going to perform better than the present one that we now have.

Honourable senators, I think that she was right. I think that I was right.

Having said that, I now come to the meat of the subject, which is the report. Honourable senators, it is a good report—it is a voluminous and a pretty report. All honourable senators have received a copy of it and it deserves to be read. When it is read, it deserves to be thrown into the waste basket.

Honourable senators, I am not going to deal with the entire report but I have made one or two notes about it. First, the joint committee declared itself in favour of an elected Senate. Having taken that position, it was then faced with the choice between the majority system and proportional representation. My chief objection to an elected Senate is that, in my opinion, such a Senate is contrary to the nature of the federal system under which we live. This system was set up in 1867 and it is still functioning. The effect of it is that the dominant body—the deciding body—is the House of Commons.

The Senate also performs its function. As I have said, we senators carry a big stick which we can use if we have to. We have not often found it necessary to do so, but we have been given the privilege of discussing the legislation in this chamber

and in committee, where we hear the opinions, ideas and views of witnesses with respect to legislation. Don't tell me that this is not a useful system. In this session, the Senate will receive from the House of Commons a bill which is, in essence, the same as that which was brought down by the government in the last session. That bill came before a committee of the Senate, where it was considered, discussed and reported. In the committee's view, it was a poor bill and needed to be altered. I will not go into details; I merely want to point out that the bill which is now coming forward has incorporated in it virtually every amendment which was suggested by the Senate of Canada. That is what was done by the Senate; that is what was accepted by the House of Commons; that is the way the system is supposed to work.

As I have said, we on this side are not about to oppose legislation merely for the sake of opposing. We are not even going to oppose merely because a change is suggested. All we ask is to be satisfied that a proposed change is workable and that it will effect an improvement.

When they were faced with the problem of deciding whether they should go with majority or proportional representation, they chose to adopt a system similar to but unlike the system used in the House of Commons. There will not be the same constituencies, and so on. If I represented a region in Nova Scotia larger than the city in which I live and the region included more than one federal constituency, then I would consider myself to be equal to the member for Halifax or the member for Central Nova; indeed, I would be equal to whoever the other member might be. I would be equal to all of those members, because the people in those constituencies would have voted me into the Senate, and therefore I would be three times as good as the fellow who had only one-third of the people to say that he should go to the House of Commons. I therefore warn honourable senators about that.

• (1550)

In the caucus of the party to which I belong a statement was made by an honourable senator to the effect that he would speak in favour of an elected Senate. That statement was well received; he received a good deal of applause. I do not speak often in caucus, and perhaps I should not be mentioning what went on at that meeting. However, I am not disclosing any secrets, because what I said there I will say here. I rose to my feet and said that I was as much opposed to the proposed system as he was in favour of it, and I assured the meeting that if he spoke in favour of it I would speak against it. That is why, honourable senators, you are now being subjected to my comments—because I am not content to sit here and accept these recommendations for Senate reform.

If my present experience is similar to my past experience, then it will not matter one iota what I say here today; it will not matter what arguments I put forward or how cogent they are, because in the past my views have been disregarded and, at times, treated with contempt and pushed to one side. I have seen closed minds decide the issue simply by voting in the way it was suggested they should vote.

A further recommendation is that the constituencies be larger. I have already made the point that we would represent more people, and, therefore, if we were elected and represented more people we would be more important than the person who represented a lesser number.

There is also a section dealing with the senatorial term and the timing of elections. I have one brief comment to make in connection with that. It is suggested that senators would play a different role, that they would have more power, and that greater validity and acceptance would be accorded our deliberations because of the fact that we would be elected. Those things might flow from an elected Senate. We might even become a strong body, equal to the House of Commons. At the moment the strength is concentrated in the House of Commons, and any additional strength that might flow to us is drained off in the other place. If we accepted the recommendations of this report, I would say that not only would senators be elected but they would also be emasculated. The report says that an elected Senate could do nothing but delay and defer, and there would be nothing but a suspensive veto. I do not believe it can be argued that the body we now represent would be strengthened by being granted a suspensive veto, when we would have taken from us what is now a legitimate and real veto.

The report deals with the distribution of seats and recommends that the number of seats be increased to 144. If we are to detract from the authority that 100 members of this Senate now have, and change the real veto we now have to a suspensive veto, then we shall not have done a damned thing by sending 44 more persons to the Senate. We will have merely increased the opportunity for debate and will have given a greater opportunity for more people to receive the accolade and reward of going to the Senate. It will have been made a little more difficult for them to get there and we shall perhaps have altered the character of the type of person who would want to enter the Senate, because I cannot believe that persons of the calibre of those who are presently in the Senate will be satisfied to spend their own money, or their party's money, and their time and effort in order to be elected to this body, when, in the final analysis, they will have little power to make changes, but will merely have the opportunity to speak about them. I could talk about what goes on in the other place even if I never saw the Senate, and I could contribute articles to the press. Also, although God forbid, I could talk on radio and television, but my experience leads me to think that that would be a poor way for me to address issues. Nevertheless, the media exist and exercise tremendous power.

I am not opposed to the principle of provincial equality. When Confederation was first formed, certain provinces were involved and distribution of Senate seats was determined. Later, other provinces joined Confederation and some of them have prospered and their populations have increased. In the scheme of things, some are now of more importance than some of the provinces that originally agreed to Confederation; yet at the time they entered Confederation they did not receive any recognition commensurate with the importance they later

achieved. That importance did not exist at the time. Steps were therefore taken to give such provinces further authority to place them on an equal basis with the others. I do not object to that. However, I do not believe that any addition to this house will increase its value or provide any extra power when, at the same time, we emasculate its authority.

Mention has been made of a double majority. Mention was made earlier this afternoon about how careful one must be not to disturb people's sensibilities when speaking, not to interfere in certain matters, and to speak delicately about racial questions and the French question. Such subjects are difficult and delicate, and I do not propose to aggravate the situation in any way. I would merely say that the committee dealt with the question of amendments to the Constitution and said that we should have a double majority. In other words, it expressed lack of confidence in the fairness of one section of the population. It said that many people in this country could not be trusted to be fair to the minority, which perhaps held different views, spoke a different language and followed a different religion. I do not happen to believe that. I believe, with my deputy leader and with Senator McElman, that if the matter is properly presented the time will come when fairness and justice will prevail. I do not believe that there is justice in telling me or anyone else that a French-speaking senator has two votes while an English-speaking senator has only one. I neither approve of nor believe that such a proposal will solve the problem before us.

● (1600)

In dealing with ratification of appointments, they said that we in the Senate should have a function. When people are appointed to certain positions, they should not be accepted for those positions until they have been vetted in this institution or until the senators have had a little go at them to determine whether they have the qualifications and whether the appointment is justified. I will not say anything about that subject either, except that it amounts to the adoption in our system of another American practice. We have had far too many such adoptions and amendments. We are moving too rapidly and too closely to the American model. I do not think that that function ought to be attributed to this body.

Finally, the committee recommended that the Speaker of the Senate should be elected by the Senate. You will be relieved to know that at last they have made a recommendation of which I thoroughly approve. I believe that such a proposal is consistent and proper, and I say that with no animosity toward the present Speaker in any way. He is the most recent example of a person appointed by the Prime Minister of the country. That is the way the law is and that is the way it should have been done. What we are discussing here is how we can improve the system and make better laws. I believe that this body is more capable of choosing the appropriate person to preside over it than a man who does not come here, who does not believe in this place, who advocates its abolition and who has always said—at least, up until the time he appointed the last eight senators—that the Senate is not worth a damn. "Not worth a damn" is my phrase; the Prime Minister is not that rude. He might say, "Mangez de la merde" because a lot of people do not speak French and would not know what he was saying. What I am saying is that the man who is charged by law to make appointments to fill the seats in this chamber not only does not believe in its efficacy or validity but also believes that there should be no such chamber.

I conclude as I began, by saying that the debate that has raged about reform of the Senate has raged ever since Confederation became a reality. It will continue to rage. At the moment it rages in terms of the recommendations of this report. I do not know the outcome. I only plead with you that, when the time comes to vote, you vote for the future of this Senate on the basis of what your reason and intelligence tell you, not simply because you believe that what you are voting for is the wish of some other person.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, before closing the debate I advise you that I will yield to any senator who wishes to speak on this subject.

On motion of Senator Frith, debate adjourned.

NATIONAL FILM BOARD

FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE ADJOURNED

Hon. Hartland de M. Molson, pursuant to notice of Tuesday, January 31, 1984, moved:

> That he will call the attention of the Senate to certain activities of the National Film Board and, in particular, to the film "The Kid Who Couldn't Miss".

He said: Honourable senators, I gave notice of this inquiry because I am deeply concerned about the production of a film by the National Film Board, an agency of the government, entitled, "The Kid Who Couldn't Miss."

In this my concern is apparently shared by many thousands of good citizens of this country, manifested by resolutions passed by the Royal Canadian Air Force Association, by Canadian Legion branches and by others. It has also been noted in the media with some disapproval. An article by William Stevenson from Washington, D.C., published in the Toronto *Sun*, states in part:

> The story of Canada's ace fighter pilot, Billy Bishop of Owen Sound, Ontario has just unfolded across U.S. TV screens in such a perversely distorted fashion that a *Washington Times* editor thought it should prompt a declaration of war by outraged Canadians.

The article goes on:

> In this version, Billy Bishop is presented as a liar who claimed more aerial victories in World War I than he could justify. He shot bullets into his own tail to win the Victoria Cross. He shot down nonexistent German planes where nobody else could see him. He was a lousy flyer. He strutted through World War II decked out as a

top-ranking airforce officer but he was better known for his boozing.

The articles continues.

> The federal government of Canada will not declare war on the United States for ridiculing one of our great war heros in this way because our own bureaucracy produced the self-proclaimed "documentary". The National Film Board sold this 90-minute abortion to U.S. National Public Broadcasting. The content was entirely Canadian. It was televised the night after a Canadian Embassy party here to sponsor "a seminar on Canadian documentary films."
>
> Americans can be forgiven for supposing we take no pride in accomplishing anything. The National Film Board portrayal of Billy Bishop was billed as a documentary when in fact much of it was filmed at the entirely fictional musical play called "Billy Bishop Goes to War". The National Film Board documentary contained shots from war movies identified by several U.S. television editors. A Soviet film-maker recognized a famous scene from a World War II Russian movie of "Stalingrad under Siege."
>
> Billy Bishop in reality commanded the respect of Germany's great ace, Baron von Richthofen. The Red Baron emerged from the NFB studies covered in both honour and glory. "Is it possible for Canadians to go further in self-hatred?" asked a bewildered *U.S. News and World Report* editor, formerly a foreign correspondent with considerable regard for Canadian diplomats. "You damn your own man with faint praise and swallow the myths of your enemies. The NFB tore Bishop to shreds more effectively than any German Fokker."

Original signed documents are on file in the Public Records Office, Kew, London, and in the Imperial War Museum, London, England verifying Bishop's achievements. However, these apparently were disregarded in producing this film. A manufactured character, supposed to be Bishop's mechanic, suggested that the raid which won Bishop the V.C. never occurred; that Bishop went out in the pre-dawn, flew around, landed somewhere and shot bullets from his own machine gun into the tail of his own aircraft in order to claim success in the raid of June 2, 1917.

• (1610)

It appears that the producer also claims that a World War I Royal Flying Corps pilot called "James", in a tape-recorded interview which is in the custody of the Imperial War Museum, inferred that the raid by Bishop never happened. The past president of the Royal Canadian Air Force Association, Colonel A. J. Bauer, C.D., has made this statement to me:

> I have heard the tape referred to and I have a transcript of it and at no time did 'James' (nor did the interviewer of 'James', David Lance) mention the raid at Estourmel. 'James' did say, however, that Bishop was fraudulent. When he was asked by the interviewer, Lance, 'How did you discover that?' 'James' replied, 'It became common knowledge.'

There is, however, no verification of fraud either at the time or at any time since. These rumours sound rather as if they were either spiteful or jealous, and I find it more than distressing that a government agency would make these charges without concrete proof. It seems to be particularly distressing if, as alleged, a lot of the material inserted into this pseudo-documentary is completely fictional or unrelated.

In a letter of January 31, 1984, addressed to the Honourable Francis Fox, Minister of Communications, with copies to the Minister of Veterans Affairs and the Minister of National Defence, the Royal Canadian Air Force Association, with over 20,000 members across Canada, made this statement:

> The film narrator deduces that because no German record of Bishop's raid can be found, the raid did not take place. In fact, the Victoria Cross raid on June 2, 1917 was verified in three ways: German pilots captured soon after the raid confirmed that it had occurred as stated by Bishop. Secondly, British Intelligence personnel behind the lines confirmed that it had occurred. And, thirdly, a Royal Flying Corps pilot flew over the German aerodrome Estourmel after the raid to verify the claim.

The producer of this film is quoted in the press as saying that he "was merely trying to suggest that generals who run wars have to create heroes in order to sell those wars to the public." This objective of the producer, which basically is to tell us that war is horrible, is perfectly understandable and not one with which most of us would disagree. On the other hand, one is tempted here to get into the philosophical discussion as to whether wars are created by generals, or by politicians, or by arms manufacturers, so-called "merchants of death"; but this is not my point here. One cannot argue with the wish to make people realize that war is horrible. A young man such as this producer could quite easily collect a great many photographs and films of war scenes to demonstrate his point: war is horrible.

However, no matter how much those who have seen war agree with him, any good veteran, any good Canadian would disagree that, in making the point, one is privileged to resort to the character assassination of one of our great Canadian heroes.

Hon. Senators: Hear, hear.

Senator Molson: The film, of course, is about Air Marshal William Avery Bishop, V.C., D.S.O. and bar, M.C., D.F.C. and many foreign decorations. He is historically recorded as being the second greatest allied ace in the air war of 1914-18. This film, in showing scenes to prove that war is horrible, that heroes are made to justify the generals' existence, tries to convince the world by suggesting that Bishop was a fraud and a cheat. History does not substantiate this charge. The records stand and certainly do not justify this approach. My point is that if one is to be accused of some wrongdoing, then I think that proof must be presented and that proof must be strong. In this case, the whole film is full of suggestion and no proof is

ever presented. On the contrary, there is very considerable proof that Bishop was neither a fraud, nor a cheat, nor a liar.

The film is in circulation. It has been sold to public television in the United States; it is being shown throughout the country, and our Canadian consulates and embassies in many places are making a very happy occasion of showing the handiwork of our National Film Board. We have to accept the fact that a production by the National Film Board has, to many people, the authority of government backing. Even if this was not always true within this country, it is certainly true outside of the country, and if one thinks of any European, African or Asian country, it is understandable that the name "the National Film Board of Canada" would suggest a government production.

The circulation of this film should not be permitted. The film, in fact, is critical of many of our great traditional values. It makes people who fought in the wars look like fools, or rather weak-minded, to become involved in such a nasty business. It even brings the late King George V into question. There is a snide situation where Bishop is to be presented with the Victoria Cross, the Distinguished Service Order and the Military Cross, all at one time, at an investiture at Buckingham Palace by the King, where the film narrator says:

> The King expressed a long-held desire to present all these three greatest decorations at one time to one person.

Then he adds:

> The King usually gets what he wants.

The suggestion there is very obviously that, in the case of Bishop, the wish of the King to present three decorations at one time has a bearing on whether Bishop earned or did not earn his Victoria Cross and other decorations. That is a cheap shot.

Hon. Senators: Hear, hear.

Senator Molson: The film itself is composed of long sequences from the musical "Billy Bishop Goes to War". That play amused people here in Canada for some months and poked considerable fun at Bishop, but did not include the nasty innuendos of this film. In addition to the scenes from the musical, the film has many clips from both World War I and World War II, on the ground and in the air, and I think probably some old American movies, but it is well put together. It shows lots of men being blown up and being buried in the mud in Flanders, and all the horror scenes which go to emphasize that war is horrible. Then it has lots of generals in odd scenes and also the King. It did not prove to me personally that heroes were made to help the generals justify the war. The message really rather escapes me but, apart from the libellous charges against Bishop, I would not call the film really bad in any other sense. It might not be everyone's cup of tea, but that again is not my point.

My whole point is that, in the course of making this film, the producer-director has used the complete destruction of Billy Bishop's character as a hero, or even as an honest man, to prove his message. Bishop emerges as a fraud and a cheat. It also brings into question the awarding of the Victoria Cross and other top decorations for gallantry and bravery. It sneers at the whole tradition of the country's youth volunteering to fight for their country—whether war is justified or not. It downgrades our history; it is actually anti-Canadian; and I feel very strongly that it should not continue in its present form.

• (1620)

Now, what should be done about it? Last week I was told that in the *Official History of the Canadian Air Force*—a book which has been out for some years — there is a statement to the effect that no official confirmation of Bishop's raid of June 2, 1917 had been obtainable. This warning put me on my guard, so I took the trouble of calling the official historian, Dr. S. F. Wise, now Dean of Graduate Studies at Carleton University. Dr. Wise told me that there was in fact no German record of the raid because the German records were either destroyed or lost or, in any case, were not available. He went on to say, however, that from his investigations, his knowledge of the character of the man and from all the people he had spoken to, he was convinced that the claims by Bishop were not exaggerated. I do not think it is possible to get any better confirmation. At least, let me repeat, there is definitely no confirmation of the charge that the raid did not take place.

Honourable senators, I met many people who knew Billy Bishop. Bill Barker—who was awarded the Victoria Cross for astounding exploits during the war, when he took on, in succession, about sixty German airplanes, I believe, and was wounded five times—went into partnership with Bishop to start an airline from Toronto to Muskoka in 1920 or 1922. I have forgotten the exact year. Bill Barker was a normal, healthy farm lad, and I do not think he would have associated with a fraud or a cheat. He certainly had every opportunity to know whether Bishop was good, bad or indifferent.

A great admirer of Billy Bishop was Air Marshal Breadner, who, for some time during the war, was Chief of the Air Staff in Ottawa. Breadner thought very highly of Bishop. Another of Bishop's great friends was Eddy Rickenbacker, who was the great American ace who started and was head of Eastern Airlines for many years. Do you think Eddy Rickenbacker would have associated with a fraud?

Another person I knew quite well was an amusing character called Elliot White Springs. He wrote the book *War Birds*. He was one of an American group who formed a squadron during the First World War which did a lot of shooting and had a lot of fun. He wrote a most amusing book which he dedicated on the fly page from a speakeasy in New York, which rather shows his type of humour. Some of you may remember advertisements in the *New Yorker* magazine of quite a few years ago when Elliot Springs owned the Springs Cotton Mills in the United States. The theme of those advertisements was, "You cannot go wrong on a Springmaid sheet," or something of that sort, or, "A Buck well spent on a Springmaid sheet." He was a delightful fellow, a good author, a fine and decorated pilot and, again, a great admirer of Billy Bishop.

Finally, someone else I knew—and I am not sure whether he is still alive—was Lord Balfour. Lord Balfour was a pilot in the First World War, a most distinguished one who continued

to fly for 50 years. During the Second World War he was the Secretary of State (Air). He said that he fully believed that Bishop did what he said. I just mention those people because I have spoken to them and have known them.

I come back to the object of my participation in this matter. I ask you: What are we trying to do? Can a government agency or a government department be guilty of paying no attention to the Charter of Rights? Can it be possible that they disregard the elementary rule of law that states that each of us is innocent until proven guilty? Or is it all just a mistake? If it is a mistake, it is very simple to say so and to correct it in the way I will suggest. Surely, it cannot be the wish of our government to use these very doubtful means to destroy a man who has been a hero to so many of our youths and who, with all the faults he may have had, has never been proven to be other than honourable.

For some reason, in Canada we love to cut people down to size. We like the thought of true democracy, of universality, that no one is better than his fellow man. All of this sounds fine, and I suppose it is perfectly plausible, but in the course of working at it we have so often knocked down people who have stood out among us; we have tried to level ourselves off by cutting off the head and bringing the body down to the waist. This is probably why we are so often described as a grey race, a dull race, a race of compromisers.

We should be shouting from the rooftops about the achievements which give us pride in ourselves, instead of letting petty ideas prevail.

Honourable senators, let us at least try to make the most of all of our genuine heroes, the great people we have had in this country, the great deeds that have been accomplished and, above all, the valour and honour and sacrifice of all those young men and women who joined the forces in defence of what they believed to be right.

I would really have enjoyed praising the National Film Board rather than being critical, because the National Film Board has produced excellent films which have been a credit to our country. In this case I can only suggest that there has been an unfortunate misdirection of effort.

The Royal Canadian Air Force Association and other veterans' bodies have requested that the film be banned. I think that is a reasonable request. However, it is probable that some other giant killer will cry censorship, so I suggest that the National Film Board be requested by the minister to withdraw this film for full editing, to cut out all unsubstantiated charges of fraud or lying, and that the minister request the Department of External Affairs to stop immediately the showing of the film in our consulates and embassies until it is properly edited.

Hon. Senators: Hear, hear.

Senator Molson: Honourable senators, I hope to find in the Senate a substantial body of agreement with my recommendation, and I hope that I will see some sign of support forthcoming.

Hon. Raymond J. Perrault: Honourable senators, I rise in support of the initiative expressed in the eloquent words of the Honourable Senator Molson. There are those in our midst who seem to take a perverse delight in being—as they term it—"iconoclasts" attempting to destroy reputations. They attempt to destroy the reputations of those in public life; they attempt to destroy the reputations of people who have served in the military; they attempt to destroy the reputations of great peacemakers in the world; they attempt to destroy the work and reputation of great philosophers. That is their way of achieving publicity, gaining some small degree of notoriety to fulfil some sort of murky, deep-rooted psychological need.

At times these attacks take the form of "frontal assaults" on reputations and massive denunciations of famous lives. Other attacks are made by innuendo and made more skillfully and perhaps more carefully. All of these attacks have one factor in common, however—they are inevitably launched after the victim has been dead and buried for some time.

And, honourable senators, another great friend of Billy Bishop's was Raymond Collishaw, who died not too long ago on the west coast. Senator Molson has spoken today of an attack taking place 70 years after the event—an attempt to discredit after generations of writers have looked at all aspects of Bishop's life, have placed that commendable life under the microscope, and have written many articles and books, almost all of them favourable. Now, in 1984, almost 70 years after the event, Canada's National Film Board, supported richly by the taxpayers of Canada, has created a work the effect of which is to destroy the reputation of a person who was buried with full military honours by his grateful country.

Billy Bishop served this country in war and served this country during peace time. He was a great help to the Canadian recruiting effort and the Canadian forces during the Second World War. He is not here to answer for himself, and does not have kin well placed to answer charges of this kind.

I was in New York just before Christmas and I was told by a number of our representatives how delighted and pleased they were that Canada was able to sell this particular production to Public Television so that all of the United States could view it. I doubt whether any of them had seen it themselves at the time. That is really quite incredible. Can one imagine ABC, Public Television, CBS or NBC in the United States doing a two-hour alleged exposé on the life of Edward Rickenbacker, the American counterpart of Billy Bishop? It would be unthinkable that a great national hero like Rickenbacker would be attacked by one writer who had not investigated the facts thoroughly and fairly.

● (1640)

Billy Bishop was an outstanding and courageous airman, and there are many other airmen from World War I and World War II who fall into that category. The reputations of some, like Bishop's, have been under attack. Most of them are from World War I. The fact is that many from World War II are still alive to defend themselves.

On the enemy side, Baron Manfred von Richthofen's record is under assault with the allegation that he really did not shoot down over 90 planes. Some of the other "aces" of World War I have similarly been attacked. There is even a book on the market claiming that Captain Roy Brown, the great Canadian aviator who shot down Baron von Richthofen, really did not shoot him down at all; that it was a stray rifle bullet from the ground. Someone will suggest next that a chap in the woods fired at a partridge in the sky and hit Baron von Richthofen, the "Red Baron", by mistake.

I suppose this will earn a few dollars for some author who believes that any charge outrageous enough will serve to market his book. Perhaps this is the price that has to be paid by those who achieve a reputation in certain fields. There are attempts now to discredit people like Churchill, Roosevelt and Kennedy. Efforts were made after Lincoln's death to destroy his reputation. The reputations of some of our great Canadian politicians, such as John A. Macdonald and Sir Wilfrid Laurier, have gone through the same process to one extent or another. I think we have to recognize the Bishop incident for what it is—a badly based assault on one of the great heroes of Canadian military history. I think that the Senate, of all bodies in this country, should rally around the initiative suggested by Senator Molson, and make certain that now, when Billy Bishop is no longer able to defend his country, we defend him.

On motion of Senator Nurgitz, debate adjourned.

AFFAIRS OF THE AGED

MOTION TO ESTABLISH DIVISION—DEBATE ADJOURNED

Hon. David A. Croll, pursuant to notice of Tuesday, January 31, 1984, moved:

> That in the opinion of this House, the government should give consideration to the establishment of a Division of the Affairs of the Aged, with responsibility, insofar as the Parliament of Canada has jurisdiction, for promoting the welfare of aged people in Canada by
>
> (i) planning and helping to plan Government of Canada policies on the affairs of the aged, in particular, in the areas of human rights, income security, employment, retirement and public services, including housing, nutrition, health care, education and recreation;
>
> (ii) administering such Acts of the Parliament of Canada and such orders and regulations of the Government of Canada as are assigned to it;
>
> (iii) coordinating policies, in both the public and private sectors, affecting the aged;
>
> (iv) carrying out research and dispensing information on the affairs of the aged; and
>
> (v) engaging in such other activities as are considered conducive to this goal by the Governor-in-Council.

He said: Honourable senators, I have a document entitled "Poverty Line Update." I ask permission to have it printed as an appendix to today's *Debates of the Senate*.

[Senator Perrault.]

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

Hon. Senators: Agreed.

(*For text of document see appendix p. 192.*)

Senator Croll: Seventeen years ago the report of the Special Committee of the Senate on Aging was adopted. I thought it was about time it was updated. I wanted to do the updating and I spoke to the Leader of the Government and to his deputy and they said "No," with a vengeance. Therefore, we have the motion before us.

At that time, the report recommended that the age at which one should be eligible for a pension be reduced from 70 to 65 and, in addition, that an allowance be made payable to those pensioners. The government agreed to that and, as well, the supplement we recommended was accepted. The government has indicated that it is going to increase the supplement shortly.

I want to update the report with particular emphasis on women. Poverty in this country is still an issue that mainly concerns women. We have a new generation of older people. The recession and inflation have been hard on pensioners. Statistics clearly indicate that three-fifths of the elderly women living in this country live below the poverty line. Single women are less affected by poverty. Statistics show that women live longer than men. On the average, women live until the age of 77, whereas men only live to the age of 71. We may say that economic recovery is on the way, but soup kitchens still have long lines and it is not uncommon even to see children in these lines. It seems that real problems start for the elderly between the ages of 60 and 65. If those people are awaiting a pension to aid them, unfortunately they are going to have a long wait because our pension legislation is only in the embryonic stage. But these women need immediate relief; so what I propose is changing the age for eligible pensions for women from age 65 to age 60.

In Switzerland, women are pensioned at age 63 and men at age 65; in Canada both men and women are pensioned at age 65; in Israel it is age 60 for both sexes; in the U.K. it is age 60 for women and age 65 for men; in the German Democratic Republic the women are pensioned at age 60 and the men at 65; in the German Federal Republic the women are pensioned at age 60 and the men at age 65; in Belgium the ages are 60 and 65; in Greece the ages are 57 and 62; in the U.S.S.R. the ages are 55 and 60; in Japan 55 and 60; in Hungary 55 and 60; and in Yugoslavia it is 55 and 60.

● (1640)

I felt the time had come for us to investigate this matter and to bring into the open the needs of elderly women, who are not as poor as church mice, but are poorer than church mice. These elderly people always suffer in silence. They need a spokesman. We have played that role for them before and we must do it again.

Honourable senators, I should also like to draw to your attention the universality of pensions. Under the present government, that concept is safe. Although it has been challenged, Prime Minister Trudeau has said the situation will not change.

Elderly people are constantly under attack from the dollar boys, who say there should be a means test. In 1952 we did away with the means test, and our procedure is well-documented in a book written about the Honourable Stanley Knowles, with whom I had the honour to serve on the committee that made that finding. The argument against universality is lost when one realizes that the concept of universality of pensions is broader than the concept of saving money.

We should consider having available to us statistics on poverty every three months. At the present time they are made available to us once a year and most of us give them merely a cursory glance. These statistics should be produced often enough that we can assess the situation on a quarterly basis.

The most important aspect of this resolution with which I wish to deal concerns lowering the pensionable age of women. The resolution is to place before Parliament every aspect of social activity in this country.

Honourable senators, it is not my intention to comment at length on the report of the Special Joint Committee on Reform of the Senate, but I would note that it does revive some memories. It is now 30 years since Senators Cameron, Molson, Inman, McGrand and I came to the Senate. We now share the honoured title of "elder statesmen." When we were appointed, the first words that rang in our ears was the cry, "Abolish the Senate." It seemed at the time that that was the only concern of the country. We had few defenders. We did not hold our breaths waiting for the Senate to be abolished; we went about our business.

Although in those days the Senate was not a very active body, it did conduct itself in a dignified fashion. Most of its business was easily done by the leaders. The Senate never missed a closing date. If a piece of legislation was needed in a hurry, it would be studied a little less intensely, with one short speech from each side, in order to meet the closing date. In those days the committees performed their work painstakingly carefully. However, in those days, the government was always right. I don't know if it is any less right today.

When I joined the Senate, the bulk of the work we had to deal with concerned the granting of divorces. At that time, Quebec and Newfoundland had no provincial statutes governing divorce, and people from those provinces were compelled to apply to the Senate for divorce. Senator Roebuck, who was the chairman of the divorce committee, was very able and competent. In those days, a Roman Catholic would be reluctant to sit on the committee dealing with divorce, and, of course, not too many Protestants felt like sitting on such a busy committee.

From 1955 until the legislation was changed, the committee dealt with 6,253 divorce applications. Since people's personal lives were involved, it dealt with each divorce separately and carefully.

One of the complications the Senate often had to deal with was the fact that in the province of Quebec no provision for maintenance was made. People would apply for divorce without having made any provision for maintenance, and, yet, if the grounds were there, the divorce could not be denied.

• (1650)

Then they got the Croll formula. I would not deliver judgment. I would reserve judgment until I made sure that some provisions were made for the children, where there were children. I caused some decisions to be held up for as long as a year, until the petitioners got smart and would not come in without having made such provisions. That was our only method of dealing with the situation at that particular time. I am a lawyer and I had the responsibility of hearing contested cases, which were difficult to deal with because there were always problems involving money and family.

Honourable senators, the divorce committee had to meet on Mondays, Tuesdays, Wednesdays and even on Fridays, when the Senate was not sitting, in order to handle the number of cases that came before it. In one year we dealt with 1,304 cases. Honourable senators can appreciate, in light of that, how important it was that the Senate should operate in the way it did. I find it disturbing, therefore, that the Senate does not always accommodate committees.

The Senate's duty is to sit on its designated days, and I think that should continue to be the case so that it can conduct whatever business it has before it. There is a dignity, a history, a culture and a timelessness about the Senate. Consider the prayer, the parade; there is something of value in those traditions that will be lost, if we make certain changes. But in certain respects, honourable senators, the Senate has already changed for the better. Question Period has made the sittings very interesting, albeit it has brought politics into things as never before. It might be true that in the past there were a dozen Conservatives on the other side—there never were any more than that—but we never had any difficulty with them. Although they may have voted one way and we the other, to all intents and purposes we dealt with one another in a satisfactory manner.

One of the most progressive changes made in the Senate is the arrangement for the pre-study of the subject matter of a bill. This gives us time to meet the wishes of all those who want to express their views. Real progress, however, is to be seen in our investigative reports prepared by special committees established to do investigative work.

Another change for the better concerns the attendance; in the old Senate it was lax; it is not so today. We are more sophisticated now, and I think we spread ourselves across the community.

Honourable senators, I found it difficult to understand the words of Senator George McIlraith, a very distinguished man, to the effect that most senators are too old to sit or too lazy to watchdog the House of Commons. He once stated that most are too politically compromised even to bark. Well, he was not thinking of me, because I have done a lot of barking. My impression of today's Senate, however, is that it is a very good working body. Honourable senators, I have known the Senate for 30 years. The people who come to the Senate come with

the hope of serving—of doing something of value and of giving whatever they have to give. Sometimes they are provided the chance to do so, sometimes they are not.

Honourable senators, I do not understand the idea of patronage. I knew every senator appointed by the Conservative government. I knew every senator appointed by the Liberal government. I really saw no difference between the two groups. The men and women were equal in their capabilities.

As I said previously, it is the investigative effort that, in my view, has paid off. I have told honourable senators that when I became a senator I was dissatisfied; having been active in the House of Commons, I was looking for something to keep me more fully occupied. A secretary who used to work for me moved to Detroit to become the secretary of a senator in Michigan. I would see him from time to time and I came to have an idea of how the American Senate worked. What impressed me was its committee method of investigation. We did not have such a method in this country. I thought it was a good idea and I sold that idea to Senator MacDonald. He then sold the idea to Senator Haig.

I have with me today the first report of the Special Committee on Manpower, which was made in 1961. Of the members of that committee, Senator Cameron, Senator Inman and I are still about. The Senate thought that it should have a report on consumer credit, and the House of Commons, thinking that that was a good idea, proposed that we have a joint committee. We therefore established the Special Joint Committee on Consumer Credit, and I was joint chairman with the Honourable Ron Basford. As a result of the report of that committee, the Department of Consumer and Corporate Affairs was established, with the Honourable Ron Basford as its first minister. Senators Cook, Hastings, Inman, McGrand, Davey and I were on that committee. That was the first committee ever to travel across Canada, and we did not know what awaited us.

● (1700)

There then came into vogue the principle of truth in lending, by which it was necessary to tell people how much interest they had to pay for the money they borrowed. Senators would be surprised at the amount of resistance there was to that. Another report to emanate from the Senate was entitled "Child at Risk". I would point out that Senators Haig, Aseltine, Brooks, Macdonald, Connolly, Martin, Perrault and Flynn supported every one of these undertakings. The report on mandatory retirement also emanated from the Senate, but it was held up for a year at the request of Premier Davis of Ontario. During that period, as we reached out in various ways to the people, to consumers, the cry "Abolish" died down, and we heard less of it.

There was then the report of the Special Senate Committee on Poverty in Canada. Thirty thousand copies were sold and the report proved to be the most popular ever published by the Canadian Parliament. Senators Bélisle, Cook, Everett, Hastings, Inman, McGrand and Sparrow participated in that report, which was used as a textbook and as a reference right across this country. So great was the demand for it, that it was reprinted in 1972, 1974, 1976 and 1980.

[Senator Croll.]

Those reports established the credibility of the Senate. We had what might be called a constituency out there. We had old people and poor people, who looked to the Senate and would say, "They are our friends." Our recommendation for a guaranteed income was regarded as exciting. The important thing is that we never had a minority report. Our reports were always unanimous. It was never a question of the chairman doing this or that. Our reports always represented a total effort.

The original Fathers of Confederation created the Senate to represent regional interests and to monitor, correct and improve the legislative work of the House of Commons—as the house of sober second thought—and to protect the interests of property against surges of electoral populism. In those days no thought was given to welfare or social assistance. What was necessary was done by the churches or by voluntary groups, who did what they could. Today we have 1,356,000 women who receive the pension and approximately one million men.

The years between 1960 and 1980 were golden years for the Senate. We made an impact, we made an impression. We were doing something that was necessary, and the people knew it and appreciated it. At the present time we in the Senate have lost our way. We have no time for social measures. But we are not going to abandon the elderly and the poor. What is needed is a new direction. During the past three years we have suffered from neo-liberalism in the Senate. It is easily defined as flexible, pragmatic, a consensus, free of ideological baggage. But real liberalism has, as its ideology, justice with freedom, jobs, food, clothing, shelter, health and education. Those are the principles of our party and they have carried us through 50 years of office. We were the first to place welfare measures in our statute books, and the sort of liberalism that we practised yesterday, that we practise today, we shall practise tomorrow. We cannot afford to do anything less.

On February 3 all members of the Liberal Party received a document. I did not write it but I will tell honourable senators what it says:

> The Liberal party has a long history as the party that protects Canadians who are most in need. The most recent public opinion polls show that the Liberal government has continued to hold the support of these Canadians.
>
> The CROP Inc. poll, conducted between November 14 and December 5, 1983 shows that while Tory support is highest among Canadians in the 30 to 60 age group, this support declines significantly with those over 60. Liberal support has increased substantially with this age group.
>
> The poll also revealed that the majority of those interviewed with annual family incomes of over $25,000 said that they would vote for the Conservatives. But those at the bottom of the income scale said they plan to vote for the Liberal Party.

> It is no surprise that the Liberals have gained the confidence and support of the less fortunate groups in this country. The Liberal government was one of the few western governments not to cut back spending on social services during the difficult period of recession. The Liberal government has never shouldered Canadians in need with the burden of enduring economic hardship as a result of government restraint initiatives.

I am referring to an assessment by the Liberals of the political situation as they see it, and it is significant.

• (1710)

> The Liberal government continues to consider the fight against poverty among the aged as their number one social priority.

That is not the feeling in this place. Somehow or other, we were absent when they handed out sensitivity. We need to make an about-face here in order to maintain the faith and confidence of the people and to show them that we are working for them all the time, or else we will once again become irrelevant. Since 1980, not one social measure has appeared on the agenda of this chamber. That is unheard of.

This resolution will invite all honourable senators to participate in a debate on this problem, to discuss it freely and to arrive at some conclusions. We must remember that we are dealing with people and voters and that we cannot divorce them from our party. This memorandum I have referred to comes from the other place. Do honourable senators realize that it is only 27 steps through the Hall of Honour to the House of Commons? Yet one would think we are living in two different worlds. We have done nothing in the last three years and it is time we should.

On motion of Senator Croll, debate adjourned.

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE AUTHORIZED TO EXAMINE SOIL AND WATER CONSERVATION

Leave having been given to proceed to Motion No. 3:

Hon. Herbert O. Sparrow, pursuant to notice of Thursday, February 2, 1984, moved:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the subject- matter of soil and water conservation throughout Canada;
>
> That the Committee have power to adjourn from place to place within Canada; and
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination.

Motion agreed to.

STANDING SENATE COMMITTEE—MOTION FOR AUTHORIZATION—DEBATE ADJOURNED

Hon. Herbert O. Sparrow, pursuant to notice of Thursday, February 2, 1984,, moved:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be empowered, without special reference by the Senate, to hear submissions from representatives of agricultural, fisheries, forestry and related industries; and
>
> That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required to carry out its mandate.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, if Senator Sparrow does not wish to add anything, I will remind you that during Question Period, in answer to a question by Senator Marshall, I said there is an aspect to this motion that I should like to look into. Therefore, either I can move that the motion be referred to the Standing Committee on Standing Rules and Orders for examination or, if Senator Sparrow wishes to make some comments on the matter, I can adjourn the debate and speak to it on Thursday, after I have had a chance to look into the pertinent part.

Senator Sparrow: I have a question for the acting leader. Is he suggesting that he will adjourn the debate now, and present a motion referring the matter to the Standing Rules and Orders Committee?

Senator Frith: Honourable senators, I can either move the motion in amendment now and adjourn the debate, or give notice of the motion in amendment for Thursday, thus giving me and other honourable senators an opportunity to look into the matter.

Another way to handle it, of course, is to move the motion in amendment now, and adjourn the debate on the main motion. In order to move the motion in amendment, I need leave.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

SUBJECT MATTER OF MOTION REFERRED TO STANDING RULES AND ORDERS COMMITTEE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, in amendment, I move:

> That the motion be not now adopted but that the subject- matter thereof be referred to the Standing Committee on Standing Rules and Orders for consideration and report.

Honourable senators, Senator Sparrow and I have discussed this matter. The motion that he has moved is consistent with a precedent established by the Standing Senate Committee on Agriculture, as it then was. The purport of the motion is to allow the committee to summon and hear witnesses with respect to questions that are properly within the mandate of the committee. The mandate of that committee has since been expanded; it is now the Standing Senate Committee on Agriculture, Fisheries and Forestry.

• (1720)

My concern, which I wish to make very clear, is that Senator Sparrow is proposing a motion that would allow his committee to hear witnesses, if they happened to be in town, or to call witnesses, if that were thought necessary, on the general terms of the mandate, as opposed to a specific reference. That is something the committee has done in the past. Honourable senators will remember that the rules provide that, except for the Standing Committee on Standing Rules and Orders and the Standing Committee on Internal Economy, Budgets and Administration, all committees require a reference from the Senate in order to undertake activity. Of course, a corollary to that is that a committee with such a reference naturally establishes a budget, where necessary, in order to carry out whatever reference it receives. The budget then goes before the Internal Economy, Budgets and Administration Committee and the proposed expenditures must be approved by that committee. The reference itself must be established by a vote of the Senate.

These are matters I think we should look into. The powers of the committees come on reference by the Senate and, if motions of this kind apply to all committees, then, in effect, we are taking a large and important section out of the rules and are changing our procedures. For this reason I have moved an amendment to Senator Sparrow's motion, in order that the Standing Committee on Standing Rules and Orders may consider the implications a motion of this kind may have.

Hon. Jack Marshall: So far as I understand the motion, I have no objection to it. However, I can see the same sort of thing happening with other expanded committees. I am referring specifically to the Standing Senate Committee on Social Affairs, Science and Technology. To that committee has been added the consideration of youth affairs, consumer affairs and housing. Is this motion creating a precedent, which will be followed in the case of the social affairs committee and any other committee that might be expanded in the future?

Senator Frith: Yes, that is my concern, honourable senators. Other committees with expanded terms of reference, which have never asked for this particular type of reference before, might now come and do so. It is the implication of the motion that I would like the Standing Committee on Standing Rules and Orders to examine. It may be that the rules committee will come to the conclusion that this is a desirable measure. If the committee reports and recommends to the Senate that it is prepared to give such references, then that is fine. But it is a matter that requires some looking into.

Senator Marshall: I would like to say that, as a result of a meeting of the steering committee last week, there seems to be a question of urgency with respect to the passing of this motion, since salaries of some of the employees are held up because of this change.

Senator Frith: Yes, that is correct.

Senator Marshall: I would like to impress upon the acting leader that the matter be looked into this week so that we can overcome the very serious problem I have outlined.

[Senator Frith.]

Senator Frith: Honourable senators, I have spoken to Senator Sparrow with respect to this aspect. I am aware of the concern. As a matter of fact, Senator Sparrow drew it to the attention of the Standing Committee on Internal Economy, Budgets and Administration some time ago. I have spoken to Senator Graham, the chairman of that committee, to Senator McElman, the deputy chairman, and to Senator Sparrow about finding an alternative solution to that problem while we are looking into this one. I hope that matter can be solved by tying the staff problem to the order of reference we have already granted about soil and water conservation.

Hon. Herbert O. Sparrow: Honourable senators, I do not want to speak on the motion at the moment. However, I would like to ask the Acting Leader of the Government a question. The motion provides that we could hear submissions from those interested in the agriculture industry, as we have in the past. A number of organizations have appeared before the committee, such as the Canadian Federation of Agriculture. While we are waiting for a report from the Standing Committee on Standing Rules and Orders, does the committee have the power to hear submissions in the meantime? I appreciate that a motion relating to the soils industry in Canada has just been passed. However, that does not cover the beef industry and the many other organizations in the agricultural industry that have requested to appear before the committee while they are in town. I ask the acting leader whether, under the present rules, he believes that we have the power to hear submissions from interested parties.

Senator Frith: No, I think not. That is why I hope Senator Sparrow will be able to tell the committee of his experience and why I think he needs certain powers of the type he has described. Perhaps a different wording could be found for the motion in order to make a reference that would allow him to do so.

Hon. Charles McElman: Honourable senators, I should like to argue with that interpretation. The terminology in the rules as applied to committees is for a reference by the Senate—"reference" implying a study. There certainly are precedents to be followed. If there is a representative of an organization in Ottawa and it is felt desirable to hear that representative, then I do not think a special reference from the Senate would be required to hear that representative on a particular subject—that is, if it is not a study being undertaken by the Senate. As always, I could be wrong. I keep looking at my revered friend across the chamber, Senator Molson, who may have a word to say on this subject. Certainly, there are precedents for hearing testimony without undertaking a particular reference of study.

Hon. Hartland de M. Molson: Honourable senators, I have never considered myself to be the best interpreter of the rules. From past experience I would say it has always seemed wise to have the referral rule because of the wide range of subjects that could possibly come up. The range of subjects is limitless. The moment you are committed to dealing with any phase of one of these subjects, then you must obviously have a budget. We have two complications in this case. One motion refers to soil and water conservation. The other motion deals with

hearing submissions from representatives of agriculture, fisheries, forestry and related industries. With respect to the soil and water conservation, that seems to me to be one thing. However, as to hearing submissions from any representatives of agriculture, fisheries and forestry, that is so wide in scope that there is a danger of implications that could be repeated in other committees. That would mean that there would be no limit to the range of subjects that committees could consider without reference. I think that concept should receive very careful consideration.

Motion in amendment agreed to.

On motion of Senator Frith, debate on main motion adjourned.

The Senate adjourned until Thursday, February 9, 1984 at 2 p.m.

APPENDIX "A"

(*See p. 192*)

SENATE REPORT ON POVERTY IN CANADA

POVERTY LINE UPDATE

COMPARISON BETWEEN SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA LOW INCOME LINES BY FAMILY SIZE FOR 1982

Family Size	Senate Committee Poverty Lines 1982 (nearest $10)	Senate Committee Estimated 1983	Statistics Canada Revised Low-Income Cut-Offs 1982*
1	$ 7,940	$ 8,735	$ 6,592 to $ 8,914
2	$13,240	$14,565	$ 8,615 to $11,761
3	$15,890	$17,480	$11,537 to $15,732
4	$18,530	$20,385	$13,336 to $18,129
5	$21,180	$23,298	$15,507 to $21,126
6	$23,830	$26,215	$16,930 to $23,073
7	$26,470	$29,118	$18,654 to $25,396

*The Statistics Canada cut-offs (base year 1978) vary with degree of urbanization.

The Senate Committee poverty lines are based on a formula which is updated annually on the basis of a measure of *disposable* personal income in Canada and changes in the distribution of families of various sizes.

ESTIMATED PERCENTAGE OF UNATTACHED INDIVIDUALS AND FAMILIES FALLING BELOW THE SENATE COMMITTEE POVERTY LINES BY REGION FOR 1982

Region	Percentage of Unattached Individuals Below Senate Committee Poverty Line		Percentage of Families Below Senate Committee Poverty Line	
	1981	1982	1981	1982
Atlantic	50%	47%	30%	33%
Quebec	48%	47%	22%	24%
Ontario	36%	33%	16%	16%
Prairies	32%	32%	18%	20%
British Columbia	35%	34%	15%	16%

NUMBER AND PERCENTAGE OF FAMILY UNITS WITH INCOMES BELOW THE SENATE COMMITTEE POVERTY LINES AND STATISTICS CANADA REVISED LOW-INCOME CUT-OFFS FOR 1982

1982 Family Unit	Senate Committee Poverty Lines 1982	Statistics Canada Low Income Cut-Offs for 1982
Unattached individuals	36% (960,000 persons)	27.7% (739,000 persons)
Families of two or more persons	21.8% (1,434,000 families)	10.9% (716,000 families)
All persons	23.5% (5,835,000 persons)	
1981		
Unattached individuals	39.2% (1,006,000 unattached individuals)	39.2% (1,007,000 unattached individuals)
Families of two or more persons	20.9% (1,347,000 families of two or more persons)	12.5% (807,000 families of two or more persons)
All persons	22.6% (5,559,000 persons)	

SENATE REPORT: POVERTY LEVEL set at approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product. For families of sizes 2, 3, and 4, the Poverty Lines are almost exactly half of the average income for families of those sizes.

STATISTICS CANADA: Lines are based on changing consumption patterns which now indicate that families who spend 62% or more of their income on food, clothing and shelter (as opposed to the 70% criterion used at an earlier date) are in straitened circumstances. These limits are also differentiated by size of area of residence.

Also, according to Statistics Canada figures, the lowest 20% of families and unattached individuals (lowest income quintile) received only about 4.5% of total income in 1982. In contrast, the highest 20% of families and unattached individuals (highest income quintile) received about 42% of total income, or about 10 times as much as the lowest quintile.

Produced by
Senator David A. Croll
January 1984

Poverty in Canada
Updated Poverty Line

SENATE REPORT ON POVERTY
UPDATED
1973 – 1983

Family Size	Senate Committee Poverty Line 1973	Senate Committee Poverty Line 1974	Senate Committee Poverty Line 1975	Senate Committee Poverty Line 1976	Senate Committee Poverty Line 1977	Senate Committee Poverty Line 1978	Senate Committee Poverty Line 1979	Senate Committee Poverty Line 1980	Senate Committee Poverty Line 1981*	Senate Committee Poverty Line 1982**	Senate Committee Estimated 1983
	$	$	$	$	$	$	$	$	$	$	$
1	2,990	3,100	3,490	4,660	4,770	5,300	5,860	6,610	7,370	7,940	8,735
2	4,990	5,130	5,810	7,760	7,940	8,840	9,760	11,030	12,300	13,240	14,565
3	5,990	6,145	6,970	9,310	9,530	10,610	11,710	13,230	14,760	15,890	17,480
4	6,990	7,200	8,140	10,860	11,110	12,390	13,660	15,440	17,210	18,530	20,385
5	7,970	8,200	9,300	12,410	12,710	14,140	15,610	17,640	19,670	21,180	23,298
6	8,970	9,970	10,470	13,960	14,300	15,910	17,560	19,860	22,130	23,830	26,215
7	9,970	10,970	11,630	15,510	15,890	17,690	19,510	22,060	24,590	26,470	29,118
10	12,960	14,000	14,612								

SENATE REPORT: 1981* — POVERTY LEVEL set at approximately 50% of average Canadian family income adjusted to family size, making provision for inflation and gross national product.

SENATE REPORT: 1982** — POVERTY LEVEL for families of sizes 2, 3, and 4, the Poverty Lines are almost half of the average income for families of those sizes.

THE SENATE

Thursday, February 9, 1984

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

Prayers.

THE LATE HON. ALLISTER GROSART, P.C.

TRIBUTES

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, before we enter into the business of the day I should like to have the privilege of saying a word about our colleague, the Honourable Allister Grosart, Privy Councillor, former senator and sometime Speaker of this house. In the name of my party and in my own name, I offer to his wife and the members of his family sincere condolences on his passing. I know that in doing so I speak not only for those of us on this side of the house but for all who knew him in and outside this chamber.

Allister Grosart was a careful legislator. He took very seriously the duties of this house in the revision of legislation that came before it, and he made many distinguished contributions to improving the laws of the country. He was thoughtful and provocative in committee, where we have an opportunity to develop some of the ideas which are, perhaps, not germane to our work in this house. Allister Grosart made a solid reputation for himself as a man who had something to say that was worth listening to in the work of the committees of the Senate.

Withal, he was a modest man although, if I may use the biblical encomium, he was certainly well furnished with ability, and that we have good reason to know. But more than those abilities he was imbued with the spirit of Parliament, not only as it originated in the United Kingdom but particularly as it developed in Canada. In particular, he understood the ethos of this chamber, which is why I think he made a distinguished mark for himself as the Speaker of this house. Had fortune dictated otherwise, and had his tenure in that post been longer than it was, I am certain he would have made an even greater mark as the president of our assembly.

I think of him, however, in the days before he reached the Senate. I think of his work in Canadian and public affairs, getting on for 25 years ago now, when this country was longing for new ideas, new inspiration and new men. Allister Grosart was there as one of the movers and shakers who brought about a significant change of development and thrust in the political life of our country. He did that as a member of a political organization; but he did it in such a manner that he commanded the respect of all who knew him. He set a standard for public virtue in this calling which I think is seldom matched. He had a sense of responsibility; he had a standard of conduct. He had an integrity which I think preaches a self-evident lesson to all of us who are engaged in the political process, either in public office or within the party ranks, as we now approach what may be a similar climactic period in the political history of our country.

Allister Grosart's record is the monument to his memory, and it needs no elaboration by anyone in this house. So I say to his family who survive him that we in this chamber offer our sincere, heartfelt condolences on the occasion of his passing and our grateful remembrance of a life well spent.

Honourable senators, perhaps I should also say, for those of you who may not know, that Allister Grosart's funeral will take place on Saturday. Arrangements are being made for a plane to take to Toronto members of this chamber and others who wish to attend his funeral. Those wishing to attend may contact the office of the Leader of the Government, or the office of the Leader of the Opposition, and arrangements will be made to accommodate them.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, on behalf of the Liberal party and the senators on this side of the house, I associate myself with everything that Senator Roblin has said, and add a few memories and impressions of my own, some of them covering the same events referred to by Senator Roblin.

Senator Grosart first became important to me when he was playing what might be called an adversarial role to that being played about that time by Senator Davey, Senator Lang, Senator Stanbury and me. Although he was not at that time a senator, he was a famous communicator and a famous political activist and organizer. As Senator Roblin has said, he brought his own style and class to that role and, in a way, started a new age of political organization and communication in Canada. He was, as we know, credited with making an extremely important contribution to the election of Prime Minister Diefenbaker.

I remember him also through friends we shared in the advertising business. He had an excellent reputation as a businessman, an advertiser and communicator, so it was quite a privilege and an important experience for me to finally meet him here for the first time.

Senator Grosart, as Senator Roblin has said, really did live a life to be celebrated, and, while we mourn his death, we, as fellow senators and fellow Canadians, can justly celebrate his life. He made, through this chamber, a significant contribution to Parliament over a long period of time, both before and after I came to this chamber. He was well known abroad, as many of you realize from being asked about his health when you were travelling. Around the world, in Commonwealth nations and others, he was known as a staunch, expert and sensitive

parliamentarian; a supporter of the parliamentary system; a supporter of the Commonwealth; and a supporter of free governments and their institutions.

It is some consolation to know that, in his comparatively long life, he did achieve so many of his objectives and did, in fact, make such a widespread contribution. We express our condolences to his wife and daughters, and hope that they will understand that we, too, shall miss him, and that parliamentary institutions and governments around the world will also miss his contribution.

Hon. Lowell Murray: Honourable senators, as one who for several years bore some responsibility for organizational matters in the Progressive Conservative Party of Canada, I should like to take a moment to acknowledge with profound gratitude the debt that my party owes to the late Allister Grosart.

• (1410)

He played the leading role in the re-organization of the Conservative Party in the mid-1950s. He was instrumental in its electoral successes and, as national director, he gave the party a new and more democratic constitution. He insisted on the formation of constituency associations, and he laid down new rules to ensure that the nomination of candidates would be more open and democratic. His name was and always will be associated with that of the late Right Honourable John Diefenbaker, with that of the Honourable Mike Starr, and with those of other leading figures in the Conservative Party of that day.

In the mid-1950s and early 1960s, he encouraged the nascent political careers of such people as the Honourable Flora MacDonald, the Right Honourable Joe Clark and the Honourable Richard Hatfield, all of whom worked under his direction in the national organization.

For all of that, and for much, much more, including his loyalty and diligence as a public man, the late Allister Grosart will have a place of honour in the history of my party and of this chamber.

Hon. George van Roggen: Honourable senators, more than ten years ago, when I was a comparatively new boy here, Senator Aird resigned from the Senate and, through a stroke of good fortune, I was elected chairman of the Standing Senate Committee on Foreign Affairs.

At that time I inherited, if I may use the term, the late Allister Grosart as my deputy chairman. He had been deputy chairman of the committee since 1969 and, indeed, continued to hold that position until he was appointed Speaker of the Senate.

In those early years, I would often stop by his office in the evening to seek advice on how best we might conduct the affairs of the committee. Invariably, after giving me sound advice, he would reach into that marvellous square box he kept in his office and offer me a drink. We would then discuss political campaigns of years past from our respective points of view. I might say that they were among the more memorable evenings of my life. Compared to him, I had little to contribute by way of anecdote.

The advice he gave me and his contribution to the work of the committee throughout the period when we undertook our study on Canada-United States relations—which resulted in the publication of a report in three volumes—were always outstanding. He was totally up to speed every time we had a meeting. He was a probing cross-examiner of witnesses, so much so that I thought he should have been a lawyer.

It was little enough that in the final volume of our report, as in previous volumes, I was able to say:

> I know that all members of the Committee will wish to join with me in making special reference to Senator Allister Grosart, P.C., the Deputy-Chairman of this Committee from 1969 until his appointment as Speaker of the Senate in 1979. His perceptive questioning of witnesses, his unerring focus on the central issues and his wise counsel have all contributed in an important degree to the Committee's study.

The first two volumes of that report touched on—and, indeed, in Volume III we advocated — the very controversial step of bilateral free trade with the United States. As a west coaster, I suppose I might have been thought of as having no difficulty in espousing such heresy, as it was in those days, but whenever I wavered—and I did at times—Allister Grosart was always there to put the rod back in my back. He never wavered for a moment on this controversial subject. He saw the logic in our recommendations and supported them in every respect.

I might simply say that here we are, only six or seven years later, with, if not the whole concept adopted, at least a very large portion of it in the form of "sectoral" free trade now being discussed formally between the governments of Canada and the United States. I wish simply to share with him whatever credit there is relative to those reports.

I am proud to have had the privilege and honour of working with Allister Grosart for many years in this chamber. I regret that the funeral of Jimmy Sinclair, my political mentor for over 20 years before I knew Allister Grosart, falls on the same day and, therefore, on Saturday I shall be in Vancouver attending Mr. Sinclair's funeral rather than in Toronto attending our former colleague's funeral.

POVERTY

REPORT OF NATIONAL COUNCIL ON WELFARE

On the tabling of documents:

Hon. Jack Marshall: Honourable senators, I rise on a point of order having to do with the tabling of documents. I noticed in today's *Citizen* an article dealing with the report of the National Council on Welfare on the incomes of the aged. I am surprised that the acting leader has not tabled that report. It came to my office approximately half an hour ago. As I have so often asked in years past, why are we the last to receive these communications? This is a very important report and I want to know why the press should receive it before parliamentarians.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I will look into it.

FOREIGN AFFAIRS

FIRST REPORT OF COMMITTEE TABLED

Hon. George van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIRST REPORT OF COMMITTEE TABLED

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, which was authorized by the Senate on June 12, 1980 to incur special expenses with respect to its inquiry into such experiences in prenatal life and early childhood as may cause personality disorders and criminal behaviour in later life, reported, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 14th February, 1984, at two o'clock in the afternoon.

Motion agreed to.

• (1420)

QUESTION PERIOD

[*English*]

CANADA DEVELOPMENT INVESTMENT CORPORATION

ELDORADO NUCLEAR LTD.—PETRO-CANADA—PRIVATIZATION

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, as the first item in Question Period I wish to amend an answer I gave to a question asked by Senator Donahoe during Question Period on February 7 last. The question had to do with Petro-Canada and concerned the matter of the Canadian ownership charge, and I replied that the act in question authorizing a wider use of those funds for energy purposes had passed through Parliament.

I confess to embarassment at having made an error. On inquiry I discovered that my sense of anticipation was too large. These measures have not yet, in fact, been presented in the other place for consideration.

When questions were asked in the other place on February 3 by the Honourable George Hees and on January 31 by Miss Patricia Carney in this respect, the Minister of Finance announced that he would very shortly be considering the introduction of legislation.

In his budget address of April 19 last, the Minister of Finance said, and I quote:

> It is the Government's intention to maintain the Canadian Ownership Special Charge at its current level and use the revenues in support of this objective.

By "this objective" Mr. Lalonde was referring to the objective of self-sufficiency through raising Canadian ownership of oil and gas resources by increasing exploration and development of new reserves.

These matters were, of course, discovered because I undertook to find the relevant portions of the legislation. Again, I would express my apologies to honourable senators, and in particular to Senator Donahoe. I assure you that it was not my intention to mislead. My enthusiasm for the measure remains as strong as ever. In believing that we had considered it in Parliament I was in error.

Honourable senators, I also answered other questions concerning the debate on the National Energy Program. As I said before, I was eager for the Senate to enter into that debate, but, since the legislation in question has not been passed, the opportunity for the Senate to consider the matters raised in Question Period last Tuesday will arise in the course of the debate on that legislation.

Hon. Sidney L. Buckwold: Honourable senators, I have a question for Senator Austin.

As a result of comments made in this chamber, it appeared to me that Senator Austin not only agreed but was suggesting that the time had come for the Standing Senate Committee on Energy and Natural Resources to do an in-depth study of the National Energy Program. I gather from his last response that he is now withdrawing from that particular position because the other legislation has not yet been presented. Frankly, I cannot see the relationship between the two matters, and I would be interested in knowing whether Senator Austin has the same feeling now as he expressed on Tuesday.

Senator Austin: I tried to convey my position in the answer I just gave. The National Energy Program is one of the most significant programs operating in the Canadian economy and, as I said in my response last Tuesday, I think a debate on the subject would be valuable.

If the Senate wishes to proceed through the vehicle of the Standing Senate Committee on Energy and Natural

Resources, that would have my personal approval. I am simply indicating that there will, in any event, be an opportunity to raise these matters when the legislation relating to the Canadian Ownership Special Charge comes before this chamber.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to offer the opinion that Senator Buckwold's position is well taken. If we are to content ourselves with an examination of this new bill, which, according to advance notices, will break the previous pledges of the government—but we will see about that when we come to it—then, when that bill goes to committee, we will be restricted to discussing the terms of that bill. But it is only a very small part of the considerations I think should be examined in connection with the National Energy Program. Therefore, I think Senator Buckwold's suggestion, if I may describe it in that way, is good and that the energy committee should be seized of the totality of this problem so that a wide-ranging examination may be conducted. I hope that we proceed with it.

POVERTY

INCOME LEVELS OF UNATTACHED ELDERLY

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Social Development. I direct this question to him because it appears from a report of one his departments that he is responsible for some 14 departments and, I believe, 22 agencies.

My question has to do with the income of the aged. I refer to a report of the National Council on Welfare entitled "Sixty-five and Over." It is indicated on page 24 of the report that in 1982 an estimated 98,000 elderly families—11.7 per cent of all those headed by a person 65 or older—have incomes below the poverty line. What is even more alarming is that, of the unattached elderly, evidently 57.7 per cent, or 422,000, are poor.

In my view, one of the most neglected groups in Canada today is made up of the unattached—such as the single women who are responsible for families. They do not seem to be recognized through increases in social assistance, old age pensions or programs having to do with widows' allowances. Although some headway has evidently been made, is it not time to concentrate on the unattached people in Canada, such as those to whom I refer, and to correct the inequities they find in their lifestyle?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I should like to commend Senator Marshall for his interest in and concern for this important matter respecting individuals and families living at, about or below the poverty level. This issue has the constant attention of both my committee of cabinet and the full cabinet. In response to Senator Marshall's question I can only say that, while we have made progress, as indicated by the report of the National Council on Welfare to the Minister of Health and Welfare, there is a good deal yet to be done.

Certainly, the issue of poverty, particularly with respect to that of single women, is of deepest concern. I am hopeful that some measures may be provided on February 15 in the budget address of the Minister of Finance.

[*Translation*]

NOBEL PEACE PRIZE

NOMINATION OF PRIME MINISTER

Hon. Martial Asselin: Honourable senators, we have been told that a number of members of Parliament suggested that Prime Minister Trudeau be nominated as a candidate for the Nobel Peace Prize.

Hon. Senators: Hear! Hear!

Senator Asselin: I have no objection at all. I would like to know whether the Acting Leader of the Government could produce a list of the members of Parliament who signed the petition recommending the Prime Minister for the Nobel Prize.

Hon. Royce Frith (Acting Leader of the Government): I do not have the list here but I will make the necessary enquiries. Senator Asselin, we could put your name on the list too, if you like!

[*English*]

SPORT

TORONTO—PROPOSED DOMED STADIUM

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Minister of State for Social Development. Has the minister any personal opinions about or any knowledge of federal studies having been done to ascertain whether a domed sport stadium could be erected on federal lands already partly occupied by the Canadian Armed Forces base and the de Havilland Aircraft Company, with its runways, in Downsview?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I want to begin my reply to the question of the possible construction of a domed stadium on federal land, particularly on land occupied by the de Havilland Aircraft Company Ltd., by saying that the report released by an official of the Government of Ontario was not discussed with me; nor was it discussed, in advance of its release, with any senior official or, indeed, anyone that I am aware of in the de Havilland corporation. However, if the Government of Ontario makes representations to the federal government concerning the choice of federal lands for a domed stadium in the Toronto area, then, of course, we shall be obliged to give the matter most careful consideration.

• (1430)

Senator Haidasz: As a supplementary, has any federal aid been offered so far, or will any be forthcoming, to assist in the construction of a domed sports stadium in the greater Metropolitan Toronto region?

Senator Austin: Honourable senators, to my knowledge the federal government has not been officially approached by any official or agency of the Ontario provincial government, or at

any civic level, although unofficially I have recently been made aware of various views expressed on this matter.

At present I cannot comment on what is possible in terms of any consideration given this matter by the federal government. I believe that the responsibility for any initiative belongs with the Government of Ontario, or an entity created by that government and invested with the authority to make an approach to the federal government. To my knowledge such an approach has not been made. However, if it is made, we will certainly give it careful consideration.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, on this question of providing stadia, in the city of Winnipeg there is a joint project by the federal and provincial governments and the municipality for redevelopment of the city core. One of the important projects mentioned for inclusion in that redevelopment is the provision of a new stadium. If the federal government is in the stadium business in Toronto, I would be interested to know what it proposes to do in regard to Winnipeg, particularly as this is a joint federal, provincial and municipal proposal.

Will the minister ascertain whether the federal government has taken any position with respect to the stadium in the Winnipeg core area and whether it has made any proposal to the development authority with respect to it?

Senator Austin: I thank the honourable senator for his intervention. I will certainly take into account the interests of the city of Winnipeg, as well as those of the city of Vancouver and other Canadian communities, when considering the question of constructing a domed stadium in the city of Toronto.

Hon. Robert Muir: Honourable senators, since the minister is currently involved in taking orders, may I mention the Centre 2000 in Sydney, Nova Scotia? The premier of the province has committed $3 million to that on the condition that the federal government will contribute its share of the cost. There has been a good deal of discussion and there have been many meetings between the local member of Parliament, the Secretary of State for External Affairs, and federal government officials. However, nothing has evolved so far. It was hoped that the project would be completed in time for the two hundredth anniversary of the province in 1985. Perhaps the minister would be kind enough to look into this matter and advise whether the federal government is giving any consideration to making a commitment of financial support.

Senator Austin: I do not think that my "order book" is too heavy to add the honourable senator's request to the list of items I shall inquire into.

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a supplementary question on the domed stadium proposal by the committee of the Province of Ontario. I noticed, on reviewing the committee report briefly, that there is a reference or recommendation that a provincial crown corporation be established to operate and manage such an enterprise. I wonder whether the minister would satisfy himself, and perhaps this house, on whether or not it is appropriate for a provincial crown corporation to be managing an enterprise on federal lands and whether or not there is any legal impediment to such a provincial crown corporation.

Senator Austin: I should be pleased to look into the question of any possible legal impediment to a provincial crown corporation's constructing or operating a facility on federally-owned land.

As to the broader question Senator Grafstein has alluded to, I am unaware of whether the Government of Ontario has taken any decision, chosen a site or decided to allocate resources with respect to the matter. Honourable senators must be aware that, for the time being, the federal government lacks a good deal of information, including the information Senator Grafstein has suggested.

EMPLOYMENT AND IMMIGRATION

SPECIAL EMPLOYMENT INITIATIVES PROGRAM—REQUEST FOR INFORMATION—INTERIM REPORT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have an interim report for Senator Phillips on the question he asked about the list of 844 projects in the Special Employment Initiatives Program and the allocation of funds to each project.

In the other place the honourable member for St. John's East has asked for the same list. His request and the request of Senator Phillips have gone forward to the Minister of Employment and Immigration, who is absent from the house on official business. I understand from the inquiries I have made that the documentation is being prepared and will be made public and will be furnished to this chamber in due course.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have an answer to questions asked by Senator Roblin and Senator Guay on February 7 concerning the make-up and role of the consultative group on the Garrison project.

Hon. Martial Asselin: Since neither senator is here this afternoon, perhaps the acting leader should postpone giving his answer until they return, in case they have some further questions.

Senator Frith: I can do that, but by putting the answer on the record now they will have an opportunity to review the subject and ask questions next week. Perhaps Senator Macdonald could inform Senator Roblin that I have put this answer on the record.

Hon. John M. Macdonald: I shall do that.

Senator Frith: Honourable senators, the consultative group on the Garrison project is made up of senior officials from both the United States and Canadian governments. The Assistant Deputy Minister of the United States Branch, Department of External Affairs, and the Deputy Assistant

Secretary of State for Canadian Affairs, Department of State, act as the joint chairmen. The Canadian members of the consultative group consist of officials of the Department of External Affairs, Enviroment Canada, including the western regional director and an official from the Canadian Wildlife Service, Fisheries and Oceans, the Canadian embassy in Washington; and officials from the Government of Manitoba. The American members of the consultative group consist of officials of the Department of State, the Department of the Interior, the official Wildlife Service, the U.S. Embassy in Ottawa, as well as officials from the Government of North Dakota.

Decisions made by the consultative group are indeed policy decisions, subject to ministerial approval. The date of the next meeting is April 25, in Washington, and was decided upon at the last meeting of the consultative group in November. It was thought that five months would give the technical committee enough time to meet three or four times and to proceed with its consultations. Of particular importance will be the report of the Biota task force on the McClusky fish screen.

● (1440)

SASKATCHEWAN

WATER SUPPLY TO REGINA AND MOOSE JAW

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, on Tuesday last Senator Balfour asked a question about Petro-Canada and, in particular, about the space it was renting in Calgary. The honourable senator is not in the house at the moment. I was able to give him an answer to his question later in the day on Tuesday.

He also asked about the water supply to Regina and Moose Jaw. I found that that question had been answered, as reported at page 6233 of *Debates of the Senate* of November 28, 1983. Senator Balfour may wish to have a look at that answer and see if he has any supplementary questions arising from it.

[*Translation*]

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (LOUIS PHILIPPE NADEAU AND MARIE THÉRÈSE BRULÉ)—SECOND READING

On the Order:

> Second reading of the Bill S-3, intituled: "An Act to provide an exception from the public general law relating to marriage in the case of Louis Philippe Nadeau and Marie Thérèse Rita Brulé".—(*Honourable Senator Asselin, P.C.*).

Hon. Martial Asselin: Honourable senators, I wish to thank the sponsor of this bill for waiting until I was back in the Senate so I would have a chance to express my views on the bills before this chamber.

Meanwhile, I was trying to convince Quebecers that the Special Joint Committee on Senate Reform had submitted an important paper and that they should take the time to study it. That is why I was absent from the Senate last week.

My desire to speak to these bills does not mean that I want to introduce a note of gloom in the proceedings. I would not want to prevent the union of two people, of two hearts. That is not the purpose of my intervention. Nor do I have any personal scruples. However, I am concerned about the consequences adopting these bills will have for public morality. I am even more concerned about the fact that these exceptions to the general law create legal fictions that have to be corrected if we get a flood of such cases before Parliament.

I read with interest the carefully prepared speech of my colleague, Senator Leblanc. He recalled the provisions of the general law, namely, the constitutional provisions concerning marriage and prohibited degrees. He also referred to the exclusive jurisdictions of the provinces, especially the Province of Quebec, with respect to the celebration of marriage. Senator Leblanc was right in saying that parliamentarians must protect the Constitution and the provisions of laws of general application passed by Parliament.

Honourable senators, when Senator Perrault was Leader of the Government in the Senate, we passed a number of such bills in 1975. There were further, similar cases in 1978. At the time we asked the Senate to decide on these cases, and we raised some legal issues. We asked Senator Perrault whether, if there were to be a marked increase in such cases before the Senate, the government would be prepared to amend the general law so that we could meet the criteria indicated in the marriage law exemptions of 1975 and 1978. Nothing more was heard about it, since no similar applications or petitions have been submitted to this chamber since then.

Today, Senator Leblanc is merely the instrument for introducing these petitions and moving first and second reading. He told us that the Senate would shortly be advised of ten more petitions dealing with the same subject. My colleague, Senator Leblanc, was backed by our Law Clerk and Parliamentary Counsel, Mr. du Plessis, who explained in a letter that these petitions would be presented and that we would have a repeat before the Senate of requests for marriage law exemptions.

There is, of course, an impact on public morality and on the future of certain sectors of society, if we pass these bills quickly and give people who wish to submit petitions and prepare applications a chance to find out what their rights are beforehand. Although they should be able to know what criteria are applied, there are none for these exemptions. There are criteria for the general legislation we pass in Parliament, but there is none for these cases. The petitioners who ask us to pass bills to exempt them from the general law have no criteria to fall back on. The law does not dictate the criteria for making such applications. It does not mention them at all and, in any case, prohibits this kind of marriage or union.

We must consider the moral, legal and medical implications. In fact, there is no medical aspect involved in the first case: the uncle and niece applying for the exemption are 85 and 63 years old. There is very little likelihood of their having any progeny. However, if we look at the following bills, for instance, Bill S-2, the uncle is 50 years old and the niece is 33.

Honourable senators, I refer you to S-3, S-4 and S-5, and my comments today will also apply to those bills. I will not repeat my remarks which generally apply to these bills as well. With respect to the uncle and the niece, respectively aged 50 and 33, there are serious questions to be answered. We will have to obtain medical evidence that those people will not have child-bearing problems. They might also create problems for others by giving birth to handicapped children. Consanguinity links do exist and we must emphasize that there is a possibility that disabled, retarded or otherwise abnormal children might be born. Perhaps we might not delve unduly into the case where the uncle is 46 and the niece 48, but there is another rather important one related to Bill S-5. The uncle and the niece are 25 and 31 years old respectively. I am not prepared to tell those people that we will make an exception to the general law and let them get married without first hearing from a medical expert who will state unequivocally that there will be no medical, social or family complications. We must not think only about the people who bear children. We must remember that some day perhaps those children will get married and that might produce a generation of handicapped human beings. All I am saying is that, from a medical and family standpoint, we would be well advised to proceed with caution and avoid routinely stamping such special laws without raising some questions.

In 1975 and 1978, as I was saying—and Senator Frith referred to this in his remarks—the government was supposed to decide whether it would amend the general law to provide for those exceptional cases. That was a number of years ago and we are still waiting. The legal reservations or hypothetical doubt I have expressed have been heard in our universities. In committee not long ago, Senator Neiman passed around the well known McGill University law journal which featured an article by lawyer Albert Hubbard who raised several questions on the legal implications of those exceptions to the general law concerning marriage. That important article was headlined as follows:

• (1450)

[*English*]

Marriage Prohibitions, Adoption and Private Acts of Parliament: The Need for Reform

[*Translation*]

As for the exception to these bills which we are asked to approve, the author points out that it is time for Parliament to take up its responsibilities and review the legislation because of the ever increasing frequency of these incidents. I believe that we are only beginning to receive such bills to provide exception to our laws. We shall have a whole pile of them within a few years. People will ask us to make exceptions to the general legislation on marriage, especially because of the social implications honourable senators are aware of.

Shall we reinstate the forum which existed in the past when the powers of the Senate enabled us to pass divorce bills? I was a young Member of Parliament in those days; since we were Catholics, when divorce bills came to the other place, we were told: "You Catholics are not entitled to vote; you have to leave." We used to withdraw behind the curtains; we were prevented from voting and from doing our duty. We were told: "Do not confuse those people who have asked for a divorce; this was approved by the Senate." Mr. Peters, a member of the New Democratic Party, used to introduce these bills in the other place. Each and every Friday, at 5 o'clock, we would withdraw behind the curtains because we wanted to be good Catholics and did not wish to take the responsibility of voting on divorce bills.

That was the attitude at the time. If we let these requests accumulate without intending to amend the legislation, will the Senate not be forced to vote more often than necessary on these special measures related to our marriage laws?

With your leave and your indulgence, I would like to read a paragraph on this question from the comments made by Mr. Hubbard, a distinguished law professor at the University of Ottawa.

He said:

[*English*]

> The granting of private exemptions from public law would seem to be inherently dangerous in that it is arbitrary and may undermine respect for the law. However, the making of exceptions for persons whose circumstances reveal nothing to distinguish their cases from those of any similarly related couple in Canada is totally inconsistent with any semblance of social purpose in the general law on the prohibited degrees of marriage. The only apparent point of concern in Parliament's deliberation on these bills was eugenics. Assurance was sought that any children that might be born would be unaffected by the consanguinity of their parents. Of course, this limited concern overlooks the fact that the general law does not prohibit an uncle and niece from having children. It merely prohibits them from having *legitimate* children. More importantly, since the medical opinion on the point is based primarily on the *degree* of relationship rather than on any physical attributes peculiar to the parties, the risk is virtually the same for all similarly related couples; such risk can hardly be used as a criterion for treating some cases differently from the rest. It would appear, then, that the only justification for private legislation is the perception that the general law prohibiting marriages within the degrees in question is no longer socially acceptable and ought to be changed. In fact, the debate on the various bills reveals that this was the prevailing sentiment, as the following exchange indicates:—

[*Translation*]

At this point, the author quotes the views expressed in 1975 and 1978 by Senators Flynn and Perrault, and perhaps as well by Senator Frith and myself, on the possibility of changing the general law.

And he goes on:

[*English*]

> When, some two-and-a-half years later, three more private bills came before the Senate, the same misgivings were voiced, and Senator Perrault removed tongue from cheek in order to say the following:

[*Translation*]

In 1978, when three bills came before us, Senator Perrault promised he would ask the Government for amendments to the public general law. He was surprised at the introduction of these three petitions for marriage law exemptions, and remembered our representations. Senator Perrault made a long statement, which Professor Hubbard referred to as an example, to explain the government did not have the time to look into the matter. We once more had to pass a special law, in the interest of the parties involved.

Honourable senators, legislative work deals mainly with matters of general public interest which, as opposed to special laws, apply to everybody. When these special laws become so numerous, legislators in their wisdom amend the general act to include those exemptions, in order to accommodate a significant part of the people requesting those amendments.

But this is not the case now. There are four cases now before us, and we may expect perhaps ten or so in the near future. The fact remains it is becoming embarrassing for us to put aside the general act and pass those special laws.

Mr. Hubbard concludes his article as follows:

[*English*]

> It will next be seen that the uncertainties of our law in the area of prohibited degrees are increased greatly by the impact of provincial adoption laws.

[*Translation*]

With the new provincial adoption laws, the numbers will increase, we will have them every week.

[*English*]

> Having regard to the anomaly-infested state of this law and to the highly questionable practice of enacting private exemptions, it is clearly time for the long-awaited reform.

[*Translation*]

My goal in rising today is to call the Senate's attention to that legal fiction, which is most important in my lawyer's mind. Before we proceeded, it was implied to me that a motion could be put by my colleague to refer to the Standing Committee on Legal and Constitutional Affairs the whole matter of the public general act and special laws concerning marriage.

I am agreeable to that. However, I suggest this is something we should have done in 1975 and 1978. Are your cases, Senator Leblanc, so urgent that they cannot wait for the results of that study on such possible amendments to the general act by the Committee on Legal and Constitutional Affairs?

Hon. Azellus Denis: One of them is 85 years old.

Senator Asselin: I am not the mover of the bill. Perhaps Senator Leblanc was given confidential information but he is not bound to tell me. First of all, should we not undertake a thorough consideration of possible amendments to the legislation? The amendment to the general law would be redrafted with the consent of the Acting Leader of the Government. We could proceed immediately in the Committee on Legal and Constitutional Affairs where we would immediately consider possible changes and ask the Minister of Justice to introduce during this session the necessary amendments to clarify the situation.

But, as I said, if there is some urgency to the matter, I am not going to launch a campaign to prevent the marriage of two people in love. I am not going to stop it tomorrow morning by any means. Senator Charbonneau is smiling but he was not here a moment ago when I referred to the age of some of those people. Perhaps if you had been here you would be more cautious about the possibilities of intervention.

Such was my view in 1975; I tried to explain it today, Mr. Speaker, since there is apparently a certain number of exemptions requested in that respect.

It is our duty as legislators to see that the general law is enforced. If it cannot be enforced in certain cases, the law should simply be amended.

Hon. Jean Le Moyne: Honourable senators, I have a question for Senator Asselin. Would there be some guidance in the new canon law? Is it still relevant under the circumstances?

• (1510)

Senator Asselin: Honourable senators, I will quote if I may part of an article by a lawyer, Mr. Hubbard, on that important issue. He specifically refers to canon law. To enlighten the senator who has perhaps some canonical rather than legal concerns about those exceptions, I will let him have the article, he could read it and would easily understand.

Hon. Fernand-E. Leblanc: Honourable senators—

The Hon. the Speaker: If Senator Leblanc speaks now, he will close the debate on the motion for the second reading of Bill S-3.

Senator Leblanc: If no other senator wishes to take part in this debate, honourable senators, I should like first of all to congratulate Senator Asselin for his remarks on the four bills which are before us.

I do not object to the whole matter being thoroughly considered by the Senate Standing Committee on Legal and Constitutional Affairs. I think that all age related problems could be cleared out; otherwise, they could be addressed when we have to vote on the four bills.

As indicated by Senator Asselin, I am willing to move a general motion calling for the subject-matter to be referred to the Senate Standing Committee on Legal and Constitutional

Affairs. I think, however, that the petitioners based their request on private exemptions enacted in 1975 and 1978. As I mentioned when I first spoke on this subject, I do not think it would be appropriate to discriminate against these people. I think, however, that the sooner we move a general motion calling for this problem to be referred to the Senate Standing Committee on Legal and Constitutional Affairs, the better it would be, because, such being the case, Canadians requesting private exemptions would then be aware that the matter is under consideration. However Canadians are aware that private exemptions enacted by Parliament have received Royal Assent in 1975 and 1978. For these reasons, I do not think it advisable to discriminate against these people, unless the evidence submitted to the committee is contrary to the instructions which committee members may issue.

Therefore, honourable senators, I move that Bill S-3 be read the second time. I intend to move later that this bill be referred to the Senate Standing Committee on Legal and Constitutional Affairs.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator Leblanc moved that the bill be referred to the Senate Standing Committee on Legal and Constitutional Affairs.

Senator Asselin: Before this motion is adopted, honourable senators, am I to understand that Senator Leblanc will move a motion to have the subject-matter of this legislation referred to a committee? Will he move this motion today? Was there not a motion? The other day, Senator Leblanc showed me a motion. Is Senator Frith aware of this motion?

Senator Frith: When the mover of this bill rose the other day, honourable senators, he said that he would co-operate in respect of this motion. It is our wish, through this motion, to refer this issue to the committee; it is clear that we share this view. I should prefer to have a motion in writing.

Senator Asselin: Honourable senators, I understand that this motion is already in writing.

Senator Frith: In that case, I suggest that we adopt Bills S-2, S-4 and S-5 immediately after this bill and then that a motion be moved to the effect that the committee must consider not only the bills in question but also the principle raised by the Honourable Senator Asselin as well as by other senators.

Senator Asselin: In that case, I agree that these bills be passed on second reading, provided that the general motion be also moved.

Motion agreed to.

[Senator Leblanc.]

MARRIAGE LAW EXEMPTIONS (GERALD HARVEY FUDGE AND AUDREY MARIE SAUNDERS) (ERNEST HODEL AND NORMA DORA LAURIE) (BENJAMIN JOSHEPH ANDRADE AND HEATHER WINNIFRED ANDRADE)—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Leblanc, seconded by the Honourable Senator Sinclair, for the second reading of the Bill S-2, intituled: "An Act to provide an exception from the public general law relating to marriage in the case of Gerald Harvey Fudge and Audrey Marie Saunders".—(*Honourable Senator Asselin, P.C.*).

Resuming the debate on the motion of the Honourable Senator Leblanc, seconded by the Honourable Senator Sinclair, for the second reading of the Bill S-4, intituled: "An Act to provide an exception from the public general law relating to marriage in the case of Ernest Hodel and Norma Dora Laurie".—(*Honourable Senator Asselin, P.C.*).

Resuming the debate on the motion of the Honourable Senator Leblanc, seconded by the Honourable Senator Sinclair, for the second reading of the Bill S-5, intituled: "An Act to provide an exception from the public general law relating to marriage in the case of Benjamin Josheph Andrade and Heather Winnifred Andrade".—(*Honourable Senator Asselin, P.C.*).

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I suggest that we give second reading to the three other bills on the Order Paper, namely Bills S-2, S-4 and S-5, and then to the motion in question.

Senator Asselin: Honourable senators, I am agreeable provided that mention be made in the *Debates of the Senate* that my previous remarks also apply to the other bills.

Senator Frith: I agree subject to that reservation.

Senator Leblanc: Honourable senators, I move second reading of these three Bills, S-2, S-4 and S-5.

Motion agreed to and bills read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall these three bills be read the third time?

Senator Leblanc moved that the bills be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

• (1520)

[*English*]

PROHIBITIONS AGAINST MARRIAGE

SUBJECT MATTER OF PUBLIC GENERAL LAW REFERRED TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Leave having been given to revert to Notices of Motions:

Hon. Fernand-E. Leblanc, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the subject matter of the public general law throughout Canada with respect to prohibitions against marriage between related persons be referred to the Standing Senate Committee on Legal and Constitutional Affairs with instructions to the committee to report to this house its recommendations for amendment to the public general law in question if, in the opinion of the committee, that law should be amended.

Motion agreed to.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Frith*).

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I ask that this order stand in the name of Senator Le Moyne.

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

Hon. Senators: Agreed.

Order stands.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Austin P.C.*).

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I am pleased to have the opportunity to participate in this debate in reply to the Speech from the Throne. As always, we live in a time of crisis. Ours is an age of rapid and sometimes destabilizing change. The Speech from the Throne has addressed itself to our circumstances and has set forth two goals central to the well-being of Canadians.

The first of these goals is to secure world peace. Canadians have had the opportunity to hear a debate in the other place earlier today on the subject of world peace. The Right Honourable Pierre Trudeau spoke eloquently about the significance of peace to Canadians and about the role and responsibility of Canadians to communicate our desire for world peace and our desire to see a political will for world peace in the international community and, most significantly, in the minds and policies of the super powers. This is a subject that will remain foremost among the concerns of Canadians in the months and years ahead. Our political leadership must remain vigilant and active in order to pursue the mission of peace which the Prime Minister has initiated.

Our second goal is to secure the prosperity of individual Canadians.

In setting out these goals, the Throne Speech makes us focus on the difficult and challenging path ahead.

Today I am taking the opportunity offered by this debate to address some key questions concerning Canada's future. In particular, these are, first, the critical challenges facing our country in the years ahead in our economic environment; secondly, the role of social policy in meeting these challenges; and thirdly, the principal elements of the social agenda for the 1980s.

We are all aware of the major challenges that Canada faces in dealing with rapid technological change, fierce international competition and major industrial restructuring. It is now commonplace to say that we have crossed the threshold into a new industrial era. To prosper in our economic environment, we must, as a nation, find ways of becoming more productive. Our mines, factories and service industries must become more efficient. As individuals, we must become more highly flexible and skilled. We must re-examine our political and economic institutions in order to ensure that they can manage both fairly and efficiently the difficult choices and transitions ahead. None of these challenges will be met easily.

I share the hope and expectation that the Macdonald commission, which is made up of Canadians with both a deep and broad experience in the many walks of Canadian life, will present us with useful advice to help Canada along its way. However large the challenges and however urgent the tasks, these problems are not new nor will they be for succeeding generations. Many of the same forces that preoccupy us today have been critical in the development and management of every western industrialized economy for decades.

The plain fact is that historically Canadians have a remarkable record for finding successful solutions to the pressures of economic and social change. Too often we take this proud record for granted. From the Grand National Policy, to the Auto Pact, through to our current efforts to explore the potential of the Pacific Rim, we have found solutions to the challenge of achieving economic diversification and development while sited beside the largest economy and strongest political entity in the western world.

• (1530)

I want to take this opportunity to congratulate Senator Pitfield on what I consider to be an outstanding contribution to the debate on Canada-U.S. relations, which he made in an address to the Canadian Club of Toronto earlier this month.

At critical occasions in our history, we have undertaken massive resource development projects and built new and more efficient systems of transportation and communication. In so doing, we have responded to economic and technological changes in ways which assured our ability to continue to profit

from rich national endowments and to overcome the barriers of geography.

The construction of a trans-Canada pipeline and our current efforts to modernize and upgrade our national system of railways are just two examples of our efforts in these areas.

Every Prime Minister, from Sir John A. Macdonald to Mackenzie King, to Pierre Elliott Trudeau, has had to deal with the problems raised by our geography. This Parliament saw a most recent example during the Crow debate last fall.

Social values have changed. We have moved permanently away from the Darwinian attitudes of the nineteenth century. We have been able to put in place an innovative network of social programs. Medicare, unemployment insurance, and the Canada Pension Plan are only three notable examples. These social safety nets have proven their capacity to provide security and to fulfil the changing needs of individuals in a market society. The vivid experience of many Canadians in the last two years has given solid proof of the worth of our social security safety net system.

Finally, even though the turbulence of the seventies brought more bad news than good, we should not lose sight of the fact that, throughout those years of rapid and unanticipated change, our economy was resilient enough to create new jobs at a rate that far outstripped the performance of any other western industrialized nation. The economic standing of Canadians as a whole has increased remarkably in real terms in the last 15 years.

This is not to say that our past accomplishments have been achieved effortlessly. The world does not owe us a living—not Europe, not Japan, or the United States, and particularly not the Third World countries, which are only starting their development. Let us constantly remind ourselves that there is no cause for complacency and no reason to assume blithely that the future will take care of itself. Many of the challenges ahead will have new, unusual and complex dimensions. They will have unique elements that will test us.

At the same time, we must never allow ourselves to become so daunted by the complexities we face that we lapse into an exaggerated belief that the challenges themselves are utterly unprecedented and require entirely new solutions. We know, if we are calm, that such a belief is rarely true.

Those who become daunted are condemned to repeat errors and to fall behind in the competitive world. In particular, there are some who hold the belief that, in times of cyclical downward economic activity, we must jettison or at least drastically reduce the established system of safety nets and other government social programming which those same skeptics deem to be a drag on our economic efficiency and a barrier to effective competition in an increasingly unforgiving international marketplace.

I categorically reject this view. The reality is that our enviable record of post-war prosperity was, in fact, founded on the synthesis of economic growth and social development. Through efforts to provide full employment, to keep the disadvantaged from the depths of poverty and its ills, to broaden access to education, and to build a healthy society, government has strengthened the social fabric and, at the same time, promoted the levels of spending required to stabilize the economy and to trigger investment and growth.

What has been true in this past experience remains true today. Indeed, more than ever before, economic and social policy must be mutually reinforcing. In a world of technological change, of economic uncertainty and of broad public awareness of the distribution of the costs and benefits of change, social development remains a requirement for successful economic development.

Before proceeding to my major theme, let me make one further point. Some miscreants continue to persist in the myth that social spending is out of control. This myth is commonly held, but it is entirely without foundation. On a national basis, since the mid-seventies, social spending has been effectively stable, both as a percentage of gross national product and as a percentage of total government expenditures. If any criticism is to be levelled, in my view the criticism is that we have not invested more of our resources in the social development field. While the volume of resources allocated to the social sector will continue to make the fiscal issue an important one, to allow it to preoccupy the debate on the future of social policy and to obscure the capacity of the sector to help meet the challenges ahead is simply to proclaim the merits of blindness.

Now I want to turn to the role of social policy and to our objectives of fairness, security and growth. Many of our social programs are designed to ensure that all Canadians have the resources they need to purchase the goods and services that give meaning to the terms, "standard of living" and "consumer choice." Through medicare, the old age security system, the Canada Assistance Plan and a variety of other programs, individuals are provided with income and access to essential services so as to broaden the range of individual choice and thereby facilitate the pursuit of individual values.

As I have said, there are those who believe that government expenditures on these social programs somehow compromise our capacity to invest in adequate volume, and, while I will never be in the ranks of those who question the importance of investment, having spent a good part of my personal life in that field, I am aware that concerns regarding the impact of social spending on our ability to invest are often misplaced and usually exaggerated. There are two principal reasons. First, large volumes of investment are not the prescription for the problems of the future. Sheer quantity of investment is not the issue. The issue is the quality of the investment and our ability to apply it to a successful targeting of our competitive advantage.

Second, we should remember that consumption-oriented social programs are intended not to raise overall levels of consumption in the economy but to ensure a fairer distribution of the capacity to consume between individuals. As a means of achieving a redistribution rather than an expansion of consumption, the impact of these programs on our investment potential seems more apparent than real. While many would support efforts to find more efficient means of providing

assistance and fair access to goods and services, to advocate wholesale reductions in these programs is simply to sanction consumption by the advantaged over consumption by the disadvantaged.

Take the case of medicare. When we introduced medicare in 1966, we did not reduce the proportion of the national income available for investment. What medicare did was channel private consumption through government and, in so doing, provide the guarantee to all Canadians of universal access to hospital services on uniform terms and conditions regardless of age, income or region.

Those who argue that we can no longer afford medicare as it currently exists do not advocate fewer doctors or a dismantling of hospitals; rather, they would appear to be satisfied with a simple shift back to the private sector. This view may reflect ideology, but it does not reflect economic reality. Such a change would not diminish the quantity of resources consumed in health care; in fact, the Economic Council of Canada's most recent annual review has given us reason to believe that a private system would be less efficient. Medicare did not expand consumption to the detriment of investment. On the contrary, it guaranteed fairer access at lower cost. The preservation of a universally accessible national system of prepaid medical care, one of the government's highest legislative priorities in the current session, means the preservation of a system which has proven itself to be both socially equitable and economically efficient.

• (1540)

In addition to providing Canadians with access to a reasonable level of services and income, social policy has an important role to play in supporting the operation of the market economy and facilitating the inevitable adjustments our economy must undergo, if we are to survive in the tough international environment of the '80s.

Precisely because the market remains society's most effective institution for the management of economic development, government has an obligation to take actions which can lessen threats to the ability of the market to do its work. High among these is the need to provide individuals who may be threatened by change, and who therefore resist it, with a clear sense of security and a clear sense of fair treatment. By providing income and equitable access to services, the social sector helps to ensure both. In so doing, social programs help to alleviate the perceived costs and uncertainties of change and thereby promote its acceptance. In essence, these programs attempt to provide the individual with a more secure, less uncertain environment, thus enabling him or her to accept more readily the need for change.

By helping to avoid a debilitating rush to protect the present, social programs foster a climate supportive of investment and real change. Seen in this light, the many adjustments ahead seem to argue for expansion rather than reduction in the range of these programs. They provide security for change, not from change. As outlined in the Speech from the Throne, my own government's commitment to pension reform and the provision of employment opportunities must be seen within the context of the need to provide an atmosphere of individual security and well-being sufficient to induce Canadians, in a changing and turbulent world, to embrace change rather than reject it.

While a social climate supportive of economic change requires security and fairness, perhaps even more important is the need for a clear sense of opportunity and hope. This sense holds out for each individual the prospect of a future capable of providing meaningful roles and genuine prosperity. It creates a willingness to look forward. As security lowers the perceived costs of change, opportunity enhances the perception of its benefits.

Providing opportunity is nothing more than extending to each Canadian the chance to invest in himself. Promoting this chance—in our society perhaps it should be called this right—to self-development is a fundamental objective of the social sector.

Social investment programs pursue the objective of self-development by creating opportunities to acquire new capacities and by acting to reduce the barriers confronted by some Canadians in applying their skills and participating fully in the larger community. Clearly, education and training programs are at the core of this element of the social sector. Beyond this, social investment programs span the range from measures to promote opportunities for women to efforts to ensure the full participation and sharing of native peoples in the opportunities of our society. All of these programs represent the means by which individuals can acquire the tools necessary to express and pursue their personal development.

The Speech from the Throne presented a broad array of measures aimed at equipping our citizens with the means to pursue personal fullfillment within a changing economy; for example: the announcement of a $1 billion Youth Opportunity Fund; the appointment of a Minister of State for Youth; and the creation of a National Volunteer Service and Conservation Corps.

While of great intrinsic social importance, providing accessible opportunities for individuals to enhance their capacities and skills is also critical to our ability as a nation to compete successfully in the world economy. There is general agreement that, in the 1980s and beyond, the frontier of competition will be knowledge-based and decisions on human capital development will define a nation's competitive strategy.

Meeting this competitive challenge will be nowhere more important than in Canada's relatively small and open economy. Major world-wide innovations in transportation and communications technology have greatly enhanced the international mobility of capital. Facing fierce competition, multinational corporations have increasingly strong incentives to locate low-skill, labour intensive production processes in newly industrializing nations with significantly lower wage rates.

As a result, the future prosperity of all industrialized nations, embedded as they are in this increasingly complex international division of labour, depends on a successful concentration on skill-intensive products, processes and services.

With their dependence on skilled labour, these production processes must remain wherever the necessary skilled labour can be found.

If Canada is to compete successfully with other developed nations for the investment that will provide jobs and sustain growth, it must have a skilled and flexible labour force able to adjust to the shifting demands of technological change. Federally supported training programs and the cost-shared post-secondary sector must face and meet these challenges. Social development through investment in people, now more than ever before, is a basic prerequisite to economic prosperity.

Let me turn now to Social Citizenship and An Agenda for the Years Ahead.

The concept of social citizenship is founded on the belief that, where each individual takes responsibility for his or her own well-being, their collective action is an effective mechanism for enhancing and enriching the capacity of individuals to express and pursue their personal values. It is a concept that recognizes that the challenges of economic change and social development will be met by individuals acting both separately and co-operatively. At the core, social citizenship must mean a commitment to guarantee Canadians fair access to services and to provide them with genuine opportunities to expand and fully utilize their capacities.

As the '80s unfold, one of the central challenges we face will be to elaborate, diversify and strengthen the programs that provide Canadians with a sense of security, fair treatment and opportunity for individual and collective development. In this context, the principal elements of the social agenda for the years ahead will include, first, the development of human resources. The need for skilled labour is clear. We must ensure that Canadians possess not only skills but flexible skills. Special efforts will be required to address the problems of displaced older workers, unemployed young Canadians, native peoples, and women, who are represented disproportionately in occupations threatened by technological displacement. In addition, we must explore ways of harnessing to the task of skill development the interests and capacities of the private sector.

The second principal element of the social agenda is employment and income security. There is a need to forge links between these critical areas of social policy. Industrial restructuring means changing labour requirements. There will be an accompanying need for mechanisms and programs to facilitate and support the transition from one job to the next. In an economy in which productivity gains are likely to be concentrated in capital intensive sectors, there may be a need to explore mechanisms for sharing the benefits of those productivity gains equitably throughout society. All of these factors point to the need to assess carefully the adequacy and efficiency of the current network of income security programs and, in that context, to consider whether significant social and economic advances can be made by moving toward a more comprehensive approach.

In the related area of pensions, we must ensure that our systems—both public and private—are able to meet the demands that will be imposed by an aging society. In addition, in order to promote national unity and to facilitate industrial restructuring, it will be important to eliminate pension-based barriers to the mobility of individuals.

The third item on the agenda relates to native peoples. Simple fairness demands that we ensure the full sharing by native peoples in the economic development of the nation. To do so will require continued efforts to build a political framework capable of providing aboriginal peoples with a genuine opportunity for self-determination. As outlined in the Speech from the Throne, successful pursuit of the current constitutional discussions on native rights will be an essential ingredient in meeting this challenge. Equally important will be the government's commitment to the equitable settlement of native land claims.

• (1550)

Honourable senators, there are large challenges ahead. Over the course of the past 30 years we have developed approaches to public policy that foster social development and at the same time promote economic growth and development. Undoubtedly, the challenges that now confront us have new elements to them and will require our creative effort to apply our experience to the old task of securing prosperity in an increasingly technological and competitive world.

Vital to our success will be a commitment to provide both security and fairness in this changing world and to provide hope and genuine opportunities to individual Canadians for their future. If we enhance our social citizenship, we will ease the process of change and provide this nation with the skilled, flexible labour force that is now an absolute prerequisite to our economic growth. Social citizenship must be the basis upon which we build the national effort to secure our future. It is the key challenge which the government must and will address.

On motion of Senator Asselin, debate adjourned.

The Senate adjourned until Tuesday, February 14, 1984, at 2 p.m.

THE SENATE

Tuesday, February 14, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

VISITORS IN GALLERY

ALBERTA LEGISLATURE SPECIAL SELECT COMMITTEE ON SENATE REFORM

The Hon. the Speaker *pro tempore:* Honourable senators, visiting us today and seated in the south gallery are members of the Special Select Committee of the Legislature of Alberta on Senate Reform. I should like to introduce to you Mr. Dennis Anderson, Chairman, Mrs. Sheila Embury, Vice-Chairman, Mr. Harry Alger, M.L.A., Dr. David Carter, M.L.A., Mr. Ronald Moore, M.L.A. and Mr. Nigelian Pengelly, M.L.A.

Hon. Senators: Hear, hear.

THE LATE HON. ALLISTER GROSART, P.C.

TRIBUTES

Hon. David A. Croll: Honourable senators, the family of the late Allister Grosart have asked me to extend their thanks to the delegation from this chamber who attended his funeral.

I would like to associate myself with the spendid tributes paid in this chamber last Thursday to the Honourable Allister Grosart, Privy Councillor, former senator and sometime Speaker of this house. He and I were great friends for more than a quarter of a century. We were associates in business for more than 20 years as directors of the First City Trust. He was a man of depth. Not too many people knew that he was a lover of literature and a student of Shakespeare. He was fond of good talk, good books and he was an art collector of considerable renown. He was the owner of a large number of paintings which he had collected over a period of many years.

When he came to the Senate, he undertook the most arduous task of studying science policy. When the chairman of the special Senate committee became ill, he carried the burden and, for the first time, brought an awareness to the country of what was involved.

He was a partisan only in the sense that he argued his point of view. He never aimed to destroy the other point of view. According to Senator Grosart, the best way was to sit down and reason.

He was a kindly and modest man, imbued with the spirit of Parliament. He understood this chamber and made a distinguished mark for himself as Speaker. He was a careful and responsible legislator with a high standard of conduct. Many people pass through this chamber. Some leave a mark and some leave memories. He did both.

Senator Grosart was active in the Canada-United States Inter-Parliamentary Group and the Canada-Europe Inter-Parliamentary Group.

His principal interest was the Commonwealth Parliamentary Association. He was vice-chairman and then chairman of the Canadian delegation, a position he held for 15 years. He also served on the International Executive of the Commonwealth Parliamentary Association for more than four years. He was very active, and made an outstanding contribution in terms of revising their constitution, something he loved to do.

He had one rule when speaking abroad as a representative of Canada, and he spoke often—he never saw the warts.

He was a credit to this chamber, always an activist, a good Canadian, a good senator, and a good friend. I shall remember him as a good friend.

Some men meet standards; others set them. He was one of the "others".

I extend to his wife, Thelma, and to his daughters, Geraldene, Victoria and Jane Galbraith, my sincerest condolences and my memories of a life well spent.

LEGAL AND CONSTITUTIONAL AFFAIRS

FIRST REPORT OF COMMITTEE TABLED

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, which was authorized by the Senate on July 17, 1980, to incur special expenses with respect to its study on constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism, reported, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

AGRICULTURE, FISHERIES AND FORESTRY

FIRST REPORT OF COMMITTEE TABLED

Hon. Herbert O. Sparrow, Chairman of the Standing Senate Committee on Agriculture, Fisheries and Forestry, tabled the committee's first report, pursuant to rule 84, setting out the expenses incurred during the First Session of the Thirty-second Parliament by the Standing Senate Committee on Agriculture, which was empowered to examine and consider such legislation and other matters as was referred to it and

authorized by the Senate, on May 28, 1980, to examine and report upon aspects of the Canadian livestock industry.

(*For text of report see today's* Minutes of the Proceedings of the Senate).

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Thursday next, February 16, 1984, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

EMPLOYMENT AND IMMIGRATION

SASKATCHEWAN—SPECIAL EMPLOYMENT INITIATIVES PROGRAM

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senaètors, I should like to address a question to the Honourable Senator Argue, Minister of State for the Canadian Wheat Board, with respect to the Special Employment Initiatives Program. I assume that he is familiar with that policy. My question is: Does he consult other Liberal senators from Saskatchewan when dealing with the dispensation of patronage under this program?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Dispensation of what?

Senator Roblin: Patronage.

Senator Argue: Any suggestion that the Special Employment Initiatives Program is a tool of patronage is very improper and very inaccurate. I have the responsibility in the cabinet, as the regional minister for Saskatchewan, to make recommendations to the government on a wide range of programs and policies that affect Saskatchewan. I have had the privilege of making recommendations on many projects relating to public works, and regarding any of these recommendations that may be coming forward I certainly welcome the views of honourable senators from Saskatchewan—or the views of my colleagues in the chamber on either side of the house. I hope that whatever recommendations I make from time to time are in the public interest and the interest of Saskatchewan.

• (1410)

Senator Roblin: I share the sentiment expressed by the minister in his last sentence. I, too, hope that they improve things in Saskatchewan. So far as my honourable friend is concerned, they will have to improve them considerably before he needs to worry about it in terms of the House of Commons. It seems obvious from his reply to my question that he has not as yet consulted with any of his Senate colleagues from Saskatchewan. In order to give him the credit that is his due as a dispenser—he does not like the word "patronage," but as the man who is managing or advising on the expenditures under the Special Employment Initiatives Program—

An Hon. Senator: Slush fund!

Senator Roblin: Did I hear the words "slush fund?"

An Hon. Senator: Slush fund.

Senator Roblin: I would never dream of using that phrase. If he cannot stand the word "patronage," what would he do with the words "slush fund?" Perhaps he would go through the ceiling.

I should like the minister, if he is willing, to share with this chamber the information as to the allocation of funds that have been paid in the province of Saskatchewan under his auspices, and I should like to know their purpose.

Senator Argue: I do not have all of that information with me. I have made recommendations from time to time that have been acted upon. One particular recommendation relating to bringing forward works' programs under the budget resulted in an additional $6 million for the Regina airport. I have made recommendations that have resulted in a provision of $5.7 million for Agrabition in Regina. I have made recommendations, with the approval of the appropriate minister or ministers, that have resulted in a provision of $6 million for a bio-tech industry in Saskatoon. I recall that provision has been made for $300, 000 for the Humboldt airport.

When one talks about a slush fund when referring to Saskatchewan, I do not suppose it is possible for a minister from that province to make a recommendation that would result in a public works project proceeding in the riding of a Liberal member. Therefore, I do not understand how these words "slush fund" come in. When recommendations for projects such as the one for the Regina airport, or the allocation of $10 million for the proteins oil and starch plant in Saskatoon, or the project for the Humboldt airport, or the Persephone Theatre in Saskatoon, or a hostel for battered wives, or whatever, are received by the appropriate minister, if he agrees to them and if they meet the requirements of the civil service as well as the rules that are applied to these projects, then there is every possibility that they will go forward. But in no way are they a slush fund for anybody.

Senator Roblin: Honourable senators, a short while ago the government published a list of certain public activities that called for the expenditure of funds for the Province of Quebec. It was a very detailed list that gave all the information under certain programs. I am asking my honourable friend to do the same thing for the Province of Saskatchewan with respect to the Special Employment Initiatives Program. Will he undertake to provide that information?

Senator Argue: I will undertake to discuss this with my colleagues. I do not have a list for all the particular programs for Saskatchewan. Senator Roblin will understand that these and other programs are discussed among various government

departments, but I will make those inquiries based on his question.

Senator Roblin: I want to tell my friend that the instruction to Liberal members of Parliament successful enough to have projects of this kind is to make a public announcement of the project together with the minister's name—that is, the Honourable John Roberts or the Honourable Marc Lalonde or perhaps even the Prime Minister for all I know. Why does the minister not at least give us those announcements so we can see what is going on in the province of Saskatchewan?

Senator Argue: I can tell the Honourable Senator Roblin that I have no information with regard to the statement he has read about Liberal members from the province of Quebec and how announcements may or may not be made in that province. I just do not have any information on that subject.

Senator Roblin: I would refer to Mrs. Ursula Appolloni as one source of this information. With the resources available to the minister and his department, I should think he would find it quite simple to give me the information I want. I would simply ask for an assurance that he will do so.

Senator Argue: I repeat that I will take note of the request of the honourable senator. I will discuss the question with my colleagues and bring Senator Roblin an answer in due course.

Hon. D. G. Steuart: Only Liberal members in Saskatchewan would make the announcement.

Senator Roblin: When we have an opportunity to elect senators from Saskatchewan, I will expect my honourable friend to throw his hat in the ring. He may even be elected because I think he is a pretty good fellow. I am not sure that all the senators elected from Saskatchewan would be Liberals, but we can afford to slip one in; that would do no great harm. I welcome my friend in that capacity.

TRANSPORTATION

SENIOR GRAIN TRANSPORTATION COMMITTEE—TERMS OF REFERENCE

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board concerning the Senior Grain Transportation Committee, which is a new body set up under the revision of the Crowsnest arrangement.

A backgrounder published by the department in reference to this committee attempts to describe what it does. I am seeking to find out from the minister what this committee's authority really is. The handout says that this board will be virtually free to handle any issue in the grain industry. What does "handle" mean? Is this a question of policy? Is it an advisory committee or is it an executive committee? In other words, is the Senior Grain Transportation Committee going to study problems referred to it or will it undertake studies on its own initiative and advise the Honourable Mr. Jack Horner of the Grain Transportation Authority? What I am asking is: Is this body advisory or is it executive?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): My understanding is that it is an advisory group to the administrator and is constituted under the new act. It is a body consisting of around 24 persons. I have not had brought to my attention the particular paper from which the honourable senator is reading.

Senator Roblin: I have seen the names of the members of that committee and I think we can repose a good deal of confidence in their common sense. In any event, the minister is really telling me that, so far as the government is concerned, "handle" means advise.

Senator Argue: I shall have to check to see how much authority that advisory committee has. I have been interested in the question of whether any authority extends to the operation of the block system that has been handled by the Canadian Wheat Board. I am advised by the Canadian Wheat Board that the board itself retains authority for the allocation of cars within the block shipping system. The board believes that that kind of continuing authority is very valuable, and I agree. They say that authority remains intact under this legislation.

Senator Roblin: My honourable friend has confused me even more, because he now seems to have said that there may be some executive capacity in this committee. I hope he will be able to bring in a clear definition of the responsibilities and the real influence that committee will have on the conduct of the grain transportation system.

Senator Argue: I will bring that in to the honourable senator.

CANADIAN WHEAT BOARD

1982-83 BARLEY PRICES

Hon. Martha P. Bielish: Honourable senators, I should like to direct a question to the minister responsible for the Canadian Wheat Board. Would he care to explain how the board came to so grossly over-estimate barley prices for 1982-83 that the taxpayers will now have to kick in $5.5 million to recoup the board's deficit?

• (1420)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I regret, with great respect, the way in which that question is phrased. I do not think that the board made a gross miscalculation.

When, on behalf of the government, I announce the initial prices for grain for the coming year, there is a certain element of risk involved in terms of the government's guaranteeing those prices. However, the producers feel—and I agree with them—that that process is an extremely important part of our grain marketing system. In the best judgment of both the board and the government, it is believed that the initial prices established are a reasonable reflection of what is to come.

In the particular year to which Senator Bielish referred, there was an unforeseen glut of feed grains on the world market, and prices went down. Because prices dropped far

more than any forecast had indicated they might, there was a loss in the amount that Senator Bielish mentioned, namely, $5.5 million. However, when that loss is related to the total value of all of the grains handled by the Canadian Wheat Board—some $5.4 billion, then that projection of the Canadian Wheat Board, in guaranteeing prices to producers and thereby making a contribution on behalf of the taxpayers of Canada amounting to $5.5 million, constitutes, in my view, the best estimate one could expect when dealing in these almost astronomical figures. I say that this small charge to the government, in relation to the value of this tremendous enterprise, demonstrates the sound judgment of the Canadian Wheat Board. I have a great deal of faith in taking forward the board's recommendations on initial grain prices.

Honourable senators, I think this question was based on an article written up in the *Globe and Mail*. With great respect to the writer of that article, I think he was a bit off base. But the main point of that announcement is that in the final payment the producers of western Canada received $409 million, and were well satisfied to do so. I spoke to members of both the Saskatchewan Federation of Agriculture and the Palliser Wheat Growers—organizations that are well respected, although they are on different sides of the philosophical fence. I heard not a single objection to the announcement that was made, nor did I hear any complaint about this charge to the taxpayers of Canada concerning an operation that has returned benefits a hundredfold to them.

Senator Bielish: Honourable senators, I have a supplementary question. Is action being taken to ensure that this sort of overestimation is not made again?

Senator Argue: The answer to that question is no, and I say that with great feeling. The day on which the Conservative Party might announce that it will not risk a dollar of the taxpayers' money on the Canadian Wheat Board marketing system will be a very sad day, indeed, for the producers of western Canada, who have worked for generations to put into place a system that provides for a guaranteed initial price. I am proud to be able to say that the government has stood behind the Canadian Wheat Board and continues to do so.

Some Hon. Senators: Hear, hear!

THE CONSTITUTION

ABORIGINAL RIGHTS—SELF-GOVERNMENT

Hon. Philip Deane Gigantes: Honourable senators, on the radio this morning I heard a disturbing report that, in connection with talks that are now proceeding between representatives of the Inuit and Indian people and federal government officials, there is some resistance on the part of officials to the idea of providing increased self-government for our native people. In the past I have come into contact with such officials—I hope they were not representative—and I have been stunned by their insensitive paternalism. Their methods of overseeing and running the lives of Inuit and Indian people have been catastrophic. It may be argued that other factors have contributed to the misery in which many of our oldest compatriots among the Inuit and Indians now live, but since we have tried paternalism and tutelage, I believe it is time we gave them a much greater measure of the self-government they ask for and deserve. I would ask the Acting Leader of the Government to ascertain why federal government officials are trying to block this necessary development in our constitutional history.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, in accordance with our practice, I shall not comment on the accuracy of the radio news story, and, of course, I am unable to comment on the honourable senator's personal experience with departmental officials. I cannot associate myself with his description of the program's administration, but I will undertake to ascertain from the responsible minister whether it is the department's policy to "block" movement toward self-government for the Inuit and Indian people.

Senator Gigantes: As a supplementary, successive ministers have shown great goodwill toward the Inuit and Indian people in this matter. However, there is a measure of built-in interest on the part of the Public Service that deals with such matters to let things remain as they are. Can the Acting Leader of the Government assure us that precautions are being taken to prevent such bias from distorting any necessary development?

Senator Frith: Honourable senators, I am certain it is not government policy that public servants should take such policy decisions. I can only repeat my undertaking to ascertain the minister's policy on this matter. I am sure that our Public Service does everything it can to implement government policy rather than to block it.

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

REGIONAL DEVELOPMENT AGREEMENTS

Honorable Arthur Tremblay: Honourable senators, my question is directed to the Acting Leader of the Government.

It concerns the present situation regarding the renewal or signing of general development agreements. We are aware that agreements in effect since 1974 were to expire in ten years' time, in other words, at the end of March 1984.

Hon. Royce Frith (Acting Leader of the Government): What kind of agreements?

Senator Tremblay: I am referring to general agreements for regional development. These agreements are due to expire at the end of March 1984. If I am not mistaken, two provinces have signed new agreements with the federal government—Manitoba and Saskatchewan, I believe.

My question is as follows: What is the situation for the other provinces as regards the signing of new regional development agreements, and what is happening to the negotiations or perhaps the lack of negotiations between the federal government and the government of Quebec in this respect?

Senator Frith: Honourable senators, I promise to try and get the information requested by Senator Tremblay as soon as possible.

• (1430)

[*English*]

CANADIAN WHEAT BOARD

RESEARCH ON NEW GENETIC VARIETIES OF GRAINS

Hon. Stanley Haidasz: Honourable senators, will the Minister of State for the Canadian Wheat Board bring us up to date on the research to develop new genetic varieties of grains?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I believe that the honourable senator is referring to the announcement that the Canadian Wheat Board is accepting contracts to develop a new genetic variety of bread wheat with the technical name HY320. This is a 3M wheat which is designed to be of medium quality and of much higher productivity. The Canadian Wheat Board believes that it must be very cautious in promoting the development of this kind of wheat. However, it feels that there is a place for such wheat. The wheats we are now producing are of the highest qualities found anywhere in the world and Canada has the best grading system in the world. Therefore, our wheat commands a premium price on the international markets, a position we want to protect.

At the same time, the Wheat Board recognizes that there is a market for lower quality wheat. In years when the weather is exceptionally good we do not have much low quality wheat. In years when the weather is not so good and there is a lot of dampness or frost, we have a larger range in quality, sometimes going as low as feed wheat. There is a great demand for producers to accept contracts to produce, for example, 50 acres of HY320, which is likely to out-yield the standard varieties by 25 to 30 per cent. But it will not command the premium price on the world market.

DISARMAMENT

PRIME MINISTER'S INITIATIVES

Hon. Martial Asselin: Honourable senators, I understand that Prime Minister Trudeau is meeting tomorrow afternoon with General Secretary Chernenko to talk about matters involving Canada and the Soviet Union. I also understand that there will be some discussion about the Prime Minister's peace initiative. Will this discussion end the Prime Minister's peace mission? If not, what is his next step?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I doubt that such a peace initiative is ever finished, so I doubt that I will be able to say that the meeting with the Soviet General Secretary will end the Prime Minister's mission. I believe that the Prime Minister will take whatever initiatives he is able to take to gain world peace, as long as he lives, so I find it difficult to seek the information. However, I shall see that the Prime Minister's Office is made aware of the question and, if it has some comments to make, I shall furnish them to the honourable senator and to the Senate.

[*Translation*]

Senator Asselin: I am sure the Prime Minister must have some kind of agenda. He has met the President of the United States, he is going to meet the President of the Soviet Union, and members of Parliament have a right to know what the Prime Minister has next on his agenda. Is he supposed to meet the President of the United States again to report on his talks with the President of the Soviet Union, Mr. Chernenko? Is he supposed to report again to Parliament on his mission in the Soviet Union?

Senator Frith: Honourable senators, a supplementary question generally elaborates on the main question. I can only add that I will give the Senate the information if it is available.

[*English*]

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have some information with reference to questions raised earlier.

First, on a question raised by Senator Roblin on February 7, 1984, about a matter of interest to him and Senator Guay concerning the make-up of the consultation group on the Garrison Diversion Project, I have a list of the members of the consultation group at the consultations on Garrison on November 21, 1983, in Ottawa. Honourable senators, I ask that the list be taken as read. I can tell honourable senators that all members are, apparently, *ex officio*, in the sense that they sit as holders of the various offices listed from time to time.

(The list follows):

CANADIAN DELEGATION

Assistant Deputy Minister
United States Branch, External Affairs
Director
United States Transboundary Division, External Affairs
Environment Counsellor
Canadian Embassy, Washington
Desk Officer
United States Transboundary Division, External Affairs
Director General
Inland Waters Directorate, Environment Canada
Director
Water Planning and Management Branch
Inland Waters Directorate, Environment Canada
Regional Director
Western Region
Environment Canada, Regina
Director
Migratory Birds Branch
Canadian Wildlife Service, Environment Canada

Biologist
Canadian Wildlife Service
Environment Canada, Winnipeg
Director
Canada-U.S. Relations Branch
Intergovernmental Affairs Directorate, Environment Canada
Policy Advisor
Canada-U.S. Relations Branch
Intergovernmental Affairs Directorate, Environment Canada
Biologist
Western Region
Department of Fisheries and Oceans, Winnipeg
Deputy Minister,
Manitoba Department of Natural Resources
Director
Water Resources Branch
Manitoba Department of Natural Resources
Coordinator
Garrison Focus Office
Manitoba Department of Natural Resources

UNITED STATES DELEGATION

Deputy Assistant Secretary of State for Canadian Affairs
Department of State
Environment Affairs Officer
Department of State
Political Counsellor
United States Embassy, Ottawa
First Secretary
United States Embassy, Ottawa
Assistant Secretary for Land and Water Resources
Department of Interior
Deputy Assistant Secretary for Land and Water Resources
Department of Interior
Associate Solicitor for Energy and Resources
Department of Interior
Commissioner
Bureau of Reclamation, Department of Interior
Assistant Chief of Planning
Bureau of Reclamation, Department of Interior
Planning Coordinator for Upper and Lower Missouri Regions and
Pacific Northwest Region
Bureau of Reclamation, Department of Interior
Regional Director for Upper Missouri Region
Department of Interior
Billings, Montana
Missouri-Souris Projects Office Manager
Bureau of Reclamation
Department of Interior, Bismark
International Affairs Office
Department of Interior
North Dakota Adjutant General
(Federally recognized as Major General)
Special Assistant Attorney General
State of North Dakota
Manager
Garrison Diversion Conservancy District
Secretary
South Dakota Department of Water and Natural Resources

[Senator Frith.]

NOBEL PEACE PRIZE

NOMINATION OF PRIME MINISTER

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with reference to a question asked by Senator Asselin on February 9, 1984, concerning a petition recommending the Prime Minister for the Nobel Peace Prize, any inquiries concerning those nominating a person for a Nobel Prize should be addressed to the Nobel Committee in Sweden. It is the policy of the Nobel Committee to keep such lists confidential and it would be up to them to change their policy.

Hon. C. William Doody: Do you have the address?

Senator Frith: I undertake to try to obtain the address for honourable senators, on request.

FOREIGN AFFAIRS

LEBANON—CURRENT SITUATION

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Senator Macquarrie has not asked about this issue today, but the answer I have is really a follow-up with respect to a question asked by him and Senator Roblin on Lebanon. As of a day or so ago I had an answer, but I have now received a more up-to-date one.

Despite intermittent sniping and occasional fierce artillery barrages in Beirut—it sounds like a description of Question Period—and surrounding suburbs, no Canadians have yet been casualties of this latest outbreak of the civil war in Lebanon. However, a consular warning was published Monday, February 13, to be repeated on Tuesday and Wednesday, advising Canadians in areas affected by the current violence to move, if they are able to do so, to more secure regions within or outside of Lebanon. The embassy estimates that there are 1,850 Canadian expatriates still in Lebanon; most live outside

Beirut, are dual citizens and, for family reasons, do not wish to leave Lebanon.

Due to the uncertainty and difficult conditions which are likely to continue in west Beirut, 11 staff members and three dependants of the Beirut embassy were evacuated from Beirut on Friday, February 10 to Cyprus. Twelve other Canadians were also airlifted out at that time. In addition to embassy staff, a total of 40 Canadians have now arrived in Cyprus. Canadian expatriates continue to leave Beirut in small numbers with the assistance of the embassy. The ambassador, David Jackson, and eight other Canada-based staff, five of whom are military, remain in Beirut.

The security situation has improved somewhat in west Beirut since last week. The militia who control much of the city now appear to be more disciplined and are gradually turning over their security duties to Lebanon's regular police force, the Internal Security Force, which has consistently maintained good relations with all factions. Opening of a crossing point between east and west Beirut for a few hours has eased the shortage of food and medical supplies in west Beirut.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN COMMONS GALLERY

The Hon. the Speaker *pro tempore:* Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place on Wednesday, February 15, at 4 o'clock in the afternoon.

I wish to inform honourable senators that instructions have been issued to the effect that none but senators will be admitted to the Senate gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since by succeeding Speakers.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Austin P.C.*).

[*Translation*]

Hon. Martial Asselin: Honourable senators, I want to begin by extending my congratulations to the movers of the Address in reply to the Speech from the Throne. Senator Bosa had serious remarks to make. His contribution to the work of the Senate has always been positive and I commend him for that. I should like to tell my friend Senator Hébert that he did very well in his first speech before the Senate. His strict and surprising self-discipline with respect to his political views was remarkable. However, I can assure him that we did appreciate the humorous remarks he made during his speech.

This is my first opportunity to congratulate the new senators for their promotion and appointment to the Senate. My only regret as a Conservative is that we would have liked to see them accompanied by two or three Conservative colleagues, something which would have restored a certain balance and given more credibility to the Senate. Well, the Prime Minister did not see it that may. That will not dissuade us from being an outstanding minority in the Senate and assuming our responsibilities, no matter how few of us sit on this side of the house.

I listened with great interest to the speech delivered by Senator Austin last week when he told us about the social security program of his government. I wish Senator Austin could have been with us today to listen to some of my remarks intended for him. He was right to say that we must not lose sight of social security, for too many Canadians still live below the poverty line. For our party, social development and economic development are closely related. Canada's economic situation leaves no room for hope to bring early improvement in our social system. We will have to rethink its philosophy and its structures with a view to finding a better definition of our social security policy. In his speech, the minister took the easy way out. He would have shown more courage had he put more emphasis on the economic recovery. That is where his government has failed miserably. No one in this house will deny that Canada's economic situation is extremely precarious.

Since the last Throne Speech, the Canadian economy has gone through four disastrous years. The 18-month recession in 1981-82 resulted in a 6.5 per cent decrease in Canadian production. The unemployment rate reached a record high of 12.8 per cent. The discount rate of the Bank of Canada went as high as 21.24 per cent. Inflation reached 12.9 per cent. Productivity has decreased by 4.2 per cent since 1979. Our net indebtedness has doubled in just four years. We had a record 10,765 business bankruptcies in 1982. The value of the dollar went down from 94 cents to 76.26 cents. We have had a loss of $16.7 billion in direct investment capital since the last Throne Speech.

Last summer, the Conference Board asked 1,000 Canadian businesses which factors were expected to harm their production during the upcoming six months. The factor which came up most often was the sagging demand, as mentioned by 51 per cent of the respondents. The second most important factor mentioned, by 36 per cent of the respondents, concerned the policies implemented by the government. In third place came the high interest rates, mentioned by 34 per cent of the respondents. This same survey asked businesses which factors were resulting in a decrease in the expected level of investment

expenditures in Canada. In the forefront was the sagging demand with 51 per cent of the respondents, government expenditures were second with 34 per cent of the respondents and high interest rates came third with 28 per cent of the respondents.

Canada has the highest unemployment rate of all major industrialized countries but one. At the time of the April 1980 Throne Speech, the unemployment rate was 7.7 per cent. It is now at 11.1 per cent. The seasonally adjusted number of unemployed has increased by 463,000 since the 1980 Throne Speech to reach 1,347,000, and during the same period, there has been a net increase of 1.6 per cent in the level of employment, which is less than the average increase of 3.5 per cent registered in the United States. According to the forecasts published in September 1983 by the Conference Board, the expected rate of growth in the medium term will not be sufficient to create enough jobs to absorb all those who have left the labour market and employ all those who are no longer looking for work. The government may say that they have helped to create 400,000 jobs, but they should add that 600,000 jobs were lost during the recession. The problem affects mostly young people. We even have in this chamber young people who will graduate within a few months or a few years. If you ask them what future they foresee and what job opportunities there are for these young Canadians who are making considerable efforts and sacrifices to attend university, not 5 per cent of them will reply that they are sure to find a job upon graduation.

The same is true for interest rates; after three years of spectacular ups and downs in interest rates, the discount rate has remained stable around 9.5 per cent during the latter part of 1983, while not decreasing at the same rate as inflation. In fact, it increased early in the year by 0.75 per cent and was 4.59 per cent higher than the inflation rate by the end of October. The same is true for farm income which was 22 per cent lower in 1982 than in 1979. From 1979 to 1982, productivity decreased by 4.2 per cent in Canada while it increased by 2.1 per cent in the United States, by 5.9 per cent in Germany, by 8.5 per cent in Japan, by 10.5 per cent in France, by 10.7 per cent in the United Kingdom, and by 11 per cent in Italy.

What about business bankruptcies in 1982, honourable senators? The number of business bankruptcies increased by 33 per cent as compared with 1981 and by 63 per cent as compared with 1980. While the situation has improved somewhat in 1983, the number of business bankruptcies registered during the first ten months of that year exceeds by 85 per cent the number registered during the same period in 1979, and since the Throne Speech, 31,000 businesses have gone bankrupt in Canada.

What is the current state of the government's finances? It has greatly deteriorated over the past four years. Since the last election, the government expenditures in the national accounts have increased by 84 per cent from $54.6 billion to $100.2 billion. The Public Accounts deficit which amounted to $11.4 billion in 1979-80 has now reached $31.3 billion. The net debt has doubled, from $69 billion at the time of the last Throne Speech, it should reach $151 billion by next March. That, honourable senators, is a dismal record for this government. We wish Senator Austin had mentioned the economic future of Canada; because this is a lost cause, he has decided, being the good lawyer he is, not to bring it up. In the County of Ottawa-Carleton, on February 9, 1984, our leader referred to the disastrous state of our economy and tried to speculate on the content of the forthcoming budget. He reminded his audience of the government's economic promises and of the fact that for the past few years the government adhered to the slogan: "Spend now and pay later". We wonder where is the economic wizard of the Liberal Party when its Minister of Finance, after announcing in his last budget speech a tax increase of $4.7 million, suggested that the government would begin reimbursing that amount to the Consolidated Revenue Fund in 1987. The government will then exhaust entirely its borrowing authority and let other people pay the bill. When he met the people of the Ottawa-Carleton area, the leader of our party suggested therefore that a Conservative government, to start the economy moving again, would put forward five priorities. First, it would increase the guaranteed income supplement to help older senior citizens out of poverty. We hear that Mr. Lalonde is about to rob us of this initiative. With his budget, he intends apparently to increase the guaranteed income supplement. I am under the impression that the Progressive Conservative Party has been very wise so far to hide its platform, because the Liberal government has always stolen or borrowed our ideas. We shall wait until the forthcoming election is called to inform the Canadian people of the platform we suggest to put our economy on a sounder basis. Secondly, we should draw up a new investment strategy which would allow a reduction in interest rates and the preservation of present jobs as a priority. Thirdly, we would encourage investments in new plants and capital equipment. Fourthly, we would improve our international competitiveness through increased research and development.

We have to realize in Canada that we have entered an era of extremely advanced technology and that any setback could spell disastrous consequences for our young people who have taken up those new technologies introduced throughout the industrialized countries.

It would also be necessary to reduce our huge deficit of $31 billion! We are told that it could be reduced by $2 billion, but can you imagine that in 1987, the anticipated deficit of the federal government could still be $25 billion! It will take generations before we can balance our budget in Canada. God knows how much foreign investors are concerned about a government which does not have as a priority the reduction of its deficit because such a government has less credibility. But we will deal with those priorities if we are ever called to govern this country. To provide a new impetus, we will have to take every possible means to attract investors. We will perhaps have to alter the so-called FIRA to make requirements for the acceptance of foreign investors more flexible. It does not mean that we are against the Canadianization of industries or an

increased Canadian content in our industries or that we would not like them to have a greater share of ownership in their activities, but we also want investors to contribute to our economic development. We also have to carry out a full employment policy. The government has to maintain a high level of credibility. I think this is the fundamental flaw in this government; they have lost the confidence of Canadians. All too often, they have been elected under questionable representations. Honourable senators will recall that in 1974, Mr. Stanfield, who was honesty personified, told Canadian voters that if he were elected, he might have to impose price and wage controls.

We then heard the leading lights of the Liberal Party say "No, we will never accept price and wage controls". Six or seven months later, the same Liberal government, under some pretext, established the Price and Wage Control Commission. That is how Liberals took power in 1974. They played the same trick on us in 1979 when they defeated us on the 18 cents a liter gas tax increase. The Liberal big shots came on television and told us "We will never do that, the increase will be less than 18 cents". It has now reached almost a dollar. However, power is the all important thing for them. So they came into office under these false representations in 1974 and 1979. With the result that the credibility of this government has been seriously affected.

I think this credibility is now further affected by the internecine squabbles within the Liberal Party. We are led to wonder where we are going. Are policies adopted in the best interest of Canadians? Are there any leaders left in the Liberal Party? According to reports, the leadership race is already on in the Liberal Party. It is said that Mr. Chrétien has the support of 40 members of Parliament, and Mr. Turner would have still more members supporting him. Other ministers who have leadership ambitions are doing the same thing, they compete with each other to introduce the most attractive legislation for the people.

We have the Minister of Justice, Mr. MacGuigan, who is introducing a series of amendments to the Criminal Code. This has not been done for a long time. And we are also told Mr. MacGuigan intends to run for the Liberal leadership. I could mention as well Mr. Roberts and others.

I suggest the problem in the Liberal Party is that they have already started a race to replace someone who is not leaving and who is not prepared to leave.

Marcel Adam wrote an article in *La Presse* on February 11, 1984. I will quote from it, to bring into focus the current views on the Liberal Party:

> If the Liberal Government is in bad shape, the party in power is not faring any better, as shown in a report from the Reform Committee of the LPC published last week.
>
> The report of that committee made up of MPs and supporters from all parts of the country is in fact a working paper to be submitted in a few weeks to associations and the membership at large for a final report on the health of the Liberal Party.
>
> It was entrusted with the task of diagnosing the Party's ailments after the November 1982 convention when a resolution condemning among other things electoral manipulations, patronage and propaganda orchestrated by certain all-powerful and untouchable advisors in the Prime Minister's Office.

I am not singling out Senator Davey and he is not named in that article. Apparently, he is one of those to be closely scrutinized.

> The committee finds that the party is in full disarray and lists its ailments: predominance of the leader, lack of communication between the Party and the caucus, inadequate resources preventing it from counterbalancing the caucus, lack of Party control over the funds that are properly his and that are moreover inadequate.
>
> Not only is the Party not taken seriously by the caucus, but the leader has effective control over both party policies and finance as well as over candidates and MPs.
>
> The Party has become a mere electoral machine that is cranked up every four years but is practically condemned to inaction and inefficiency in the meantime. The impact is particularly dramatic in Western Canada where the LPC, with two MPs only, is in a drastically debile condition.
>
> The committee courageously concludes that the Liberal Party is paying the price for its long stay in power, namely, the loss of its idealism. Which is tantamount to saying it has been corrupted by power.

The author concludes as follows:

> A party that is returned to opposition once in a while purifies itself, rejuvenates itself . . .

We, Conservatives, have been too long in opposition. We are completely purified, washed of all the sins of the world. He goes on to say:

> . . . it does a self-examination in the light of the principles that originally were its *raison d'être*. It listens to the people . . .

This is very important.

> . . . and particularly to its members. In that sense, it is said that a party returned to opposition goes through purgatory.
>
> The Liberal Party has been in paradise too long. It might very well end its days in purgatory. I think this malaise, as described by Mr. Adam, is a reality.

He refers to the party paper criticizing its structures and its directions. During that time, a general election is delayed because they hope that the peace mission can still save the Liberal government. There is nothing contentious in the Prime Minister's initiative, honourable senators. We all want to avoid a nuclear war. It is a motherhood issue.

No Canadian has questioned the Prime Minister's initiative. The leader of our party has quite clearly said so. I think that the majority of Canadians endorse Mr. Trudeau's initiatives. He has received the full support of our party, as I said, when

he took some initiatives at the international level to promote peace. We would have liked, as it was stated in the other place, the entire Parliament to pass a unanimous resolution endorsing the Prime Minister's initiative for peace. When the Prime Minister of Canada speaks in Canada or abroad, he is no longer the leader of the Liberal Party but the Prime Minister of Canada. This is why we would have liked the Prime Minister to obtain, through a unanimous resolution in the House of Commons and the Senate, a serious endorsement of his peace mission which would have appeared less partisan. It would have had more weight internationally. We know that his attitude towards NATO has irritated many Canadians. For our national security, we need the help of NATO much more than that of the Warsaw Pact. Neutrality on the part of our leaders will only lessen our influence within NATO. Everyone knows that.

It is also in those terms that the Leader of the Opposition in the House of Commons spoke on February 9. It is worthwhile to quote a few of his comments because he raised a very serious point. Mr. Mulroney had this to say:

> Canada has for many years taken pride in its ability to play the role of honest broker in world affairs. This is a valid and important role for Canada. The Prime Minister's initiative is, I believe, intended to be in this tradition.
>
> It is with some concern, and no sense of partisanship, that I note an apparent confusion in the Prime Minister's statement between on the one hand, the role of Alliance member and, on the other, some neutralist observer of international affairs.
>
> That confusion arises, I believe, from the Prime Minister's apparent willingness to understate the value of some very important principles in the hope of making some progress with his proposals for peace.
>
> We are a Western Nation, a member of NATO.
>
> We are committed to the ideals of individual and collective freedoms. We are children of liberty. On these principles we cannot and shall not compromise.
>
> We are prepared to accept neither the inexorable finlandization of Europe nor a neutralist Canada.
>
> We in the Western Alliance are prepared to defend ourselves against attempts to impose alien and odious systems on us through the use of force or threats of force.
>
> That is why NATO should quite properly be the forum for our initiatives.
>
> In Toronto last December 4, prior to his departure for Brussels, I asked the Secretary of State for External Affairs to urge further consideration of the existing non-first strike policy within the private councils of NATO foreign ministers.

This is an important statement on foreign policy on which a future Conservative government will reflect.

Honourable senators, we will have some challenges to take up. The main one, if such is the wish of the Canadian electorate, will be to replace this government and give to the Conservative Party an opportunity to present new ideas or directions, to rejuvenate as it were a federal administration which is marking time and can hardly renew itself. It is a difficult challenge. We are aware of it but we are ready and prepared to take up the challenge.

On motion of Senator Cottreau, debate adjourned.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Le Moyne*).

Hon. Jean Le Moyne: Honourable Senators, "We have concluded that the Canadian Senate should be elected directly by the people of Canada."

Those, honourable senators, are the first words of the report of the Special Joint Committee of the Senate and of the House of Commons on Senate Reform. Still on the first page, fifth paragraph, we read the following:

> Some highly respected people in public life and in the academic community prefer a reformed system of appointment to election. Among this group is one member of our Committee.

I am that member. Today, I must justify my stand. According to parliamentary custom, I should be repeating the tried and true formula that I am happy to take part in this debate on Senate reform, but in all sincerity, I must say I am most unhappy. If I had my "druthers", there would have been no joint committee and no recommendation for an elected Senate. We would have had an independent Senate committee whose terms of reference would be to proceed with a purely internal reform, to be voted on by the Senate itself. It would have been a strictly family affair. Alas, it was not to be, and our fate is no longer in our own hands. Whatever we decide, the other place and a number of lesser places can disregard our decision.

From the outset I was interested in the terms of reference of our committee because of the zeal I felt almost from the very beginning for the Senate, for this house, a zeal that may not be sufficiently enlightened but of the ardour of which I am certainly not ashamed. As a member of the committee, I was an active participant to the very end because I saw a need to reform the Senate so that it could express its full potential, which is there intact but is not being used to its full extent, for reasons I shall not go into at this time. I endorsed, often without enthusiasm and sometimes reluctantly, all the conclusions of the committee, except, of course, the principal one, because I found they were likely to promote the internal reform I still had in mind. I continue to hope that once the election concept has been rejected for good, the Senate will finally have an opportunity to examine the rest of the recommendations with prudence and discretion.

When the committee received the sage counsel of such eminent former senators as Eugene Forsey and George J. McIlraith, I had already taken a position, guided, I dare say, by a sound senatorial instinct... Subsequent carefully wrought statements by Senators Hicks and Donahoe, as well as various important papers, including the lucid and vigorous speech by Senator Langlois in which he defended true Senate reform in 1973, all of these finally caused my views to gel and I made up my mind once and for all.

● (1510)

[*English*]

Honourable senators, to my sincere sorrow, this means, among other things, that even the magisterial presentation made by the Deputy Leader of the Opposition in the Senate on his home base of Winnipeg failed to sway me, however impressed I was by the impassioned logic that is the constant signature of my distinguished colleague.

The proceedings and the report of the committee leave indeed very little untrodden ground, and I know well that I cannot pretend to any originality. I intend to limit my remarks to certain aspects—perhaps not overemphasized—of the report's main thrust and, by associating freely, to attempt to throw, however pale, a valid light on some of the far-reaching consequences of an elected Senate.

Honourable senators, the report obviously does not deal primarily with reform; rather, it deals with revolution, and, along with its first conclusion, it deals Canada a revolutionary hand to play.

Allow me to stress some necessary distinctions. Reforms happen inside given systems without introducing any strange or new element; they merely displace and reorganize pre-existing elements. They seek the betterment of the systems concerned through a process of circumspect intervention, akin to a stimulated and guided evolution, the effect of which is some rearrangement.

However, revolutions force into the systems strange or new elements that by their sole presence determine a sudden mutation at the deepest level of being; they mean a change of form, a change of essence; they entail the emergence of new species.

Briefly, a reform will act on the structures and dynamics of its object without touching its essence. A revolution aims at the core of being and alters the essence.

The specific difference in this Senate resides in the fact that its members are appointed. If they become elected, one way or another this Senate will no longer exist; this institution will become essentially different. As something totally else, it would find itself in a displaced orbit in the parliamentary cosmos and would enter an unpredictable order of relations with the whole of external reality. It would be the beginning of a long and, in view of the fragile cohesion of our vast country, dangerous political adventure.

An elective process has no congruence whatever with a Senate of this kind because, among other reasons, the main effect of such a mode of recruitment is the abolition of the peculiar distance existing between the members of this place and the citizenry at large, an immense group which comprises a very special breed of people called electors. The distance is expressed in the fact that senators do not depend on the electorate; their fate and tenure are not linked to the machinery of democracy.

[*Translation*]

The Senate is not a total stranger to the electoral process, since it is indirectly a product thereof. In fact, those who appoint senators are themselves elected or are the creatures of elected authorities. However, from a healthy distance and from its own salutary heights, in our political system the Senate helps to contain the totalitarian tendencies of democracy taken to the extreme. This mania for democracy would have us vote on anything and everything and would have everyone everywhere bow to the pressures of so-called popular consensus.

George-Étienne Cartier understood the need for institutional distance and height which I insist are necessary. He wrote:

> There must be an authority that resists the democratic element if institutions are to remain stable and work in harmony.

This is taken from the green paper on Senate reform. Perhaps I should add that the authors of this working paper were careful not to dwell on this point. They seem to have put this major element of Cartier's philosophy in a context that would defuse it, as it were... Another comment: The distance referred to here is not that which in Great Britain separates the Lords from the Commons—it is not aristocratic in nature. It resides only in the fact of not being elected. In his speech in 1973 to which I referred earlier, the Honourable Senator Langlois gave a very interesting comparison of the typical aspects of the House of Lords and the characteristics of our Senate.

These memorable remarks by our distinguished colleague still apply today.

I think I soon felt a very real affinity between the Senate and the judiciary. The main analogy is of course the act of judging. The Senate judges, which is, in fact, its primary role. What does the Senate judge? The state of things. First of all, bills, which are comparable to some possible future state of things, this corresponding to its function of re-examining and reconsidering. It also judges situations, events that are taking place—that is, the actual state of things—by virtue of its function to inquire and investigate.

According to some of the recommendations in the committee's report, the Senate will judge even more and its competence will be even more extensive.

According to our system, all judges are appointed. Throughout the world, judges are "raised". They are assigned to a tribunal, to a bench, which by isolating the judge and raising him above the people makes him stand out. His appointment is a "raising", since in English, we say that judges are raised to the bench. The legitimacy and authority of a judge arise from the legitimacy and the authority of those who appoint him and raise him to his judicial function.

He is not required to justify his appointment other than by his good judgments and good conduct. Any evaluation thereof is left to his peers. A judge does not have to worry about the opinion of his fellow citizens. It is up to him to judge them, according to the authority of the court he represents.

Since it is one of the Senate's functions to judge, the Senate, like the judiciary, is set apart, and its members are appointed or summoned. They are certainly not summoned "downstairs", so that strictly speaking, the Senate is not the second chamber but the upper chamber.

• (1520)

[*English*]

It follows, honourable senators, that it would be most improper for the members of an upper house like this one, or of any court of justice for that matter, to step down from their seats and benches to scramble for some supplementary coins of legitimacy among, from their point of view, throngs of electing tourists. But if ever future senators have to go through the candidate avatar, well, this Senate will be no more, for it will then have been . . . it will then have been mutated into a subspecies of the genus *lower house*. It will have become a true second house, a very secondary House of Commons.

As it was constituted, the Senate does not rest on public opinion; it was not conceived to be carried by public opinion; it does not need to be confirmed by it. The Senate is its own and sole judge and it should not acknowledge any other judge.

To maintain the distance and to keep the hauteur which are of the goods of the Senate is not easy in the prevailing climate made up of a contagious feeling of guilt which infects anything that is not sanctioned by Madame Everywoman and by Mr. Everyman. Certain currents of opinion regarding this or that—or the case of the Senate, for example—might well be generated by guilt or, perhaps, merely by uneasiness: the guilt of being different; the unease of having to stand apart without the benefit, if I may say so, of some amorphous collective blessing. Yes, it needs courage, but also sheer obduracy and a holy dose of stubbornness to resist the quasi-mystic forces of universal levelling inspired and sustained by false prophecy. And what is false prophecy? Nothing else but the subtle and omnipresent temptation of mediocrity.

[*Translation*]

Honourable senators, do we really need that much courage to act on the authority directly conferred on us by an unquestioned authority, to accept a legitimacy arising from an inviolable legitimacy? Are we so impressionable that a few polls and public opinion—whose spontaneity is as questionable as that of a melting snowball being made bigger and bigger by the children rolling it—are enough to raise the spectre of self-doubt and make us recant? The elective option would, in its way, be tantamount to apostasy.

Beware of the power of fashion, whether we are talking about philosophy, manners or clothing, or legitimacy, or individual and regional alienation. Fashion is powerful enough to tempt and seduce scholars and philosophers. Politicians are certainly not immune to its wiles, nor probably are political commentators and historians who are anxious to reform others.

Who cares whether Lilliput or Laputa or Australia have an elected Senate? We have a Senate whose members are legitimately chosen by legitimate authority, and which has provided and always will provide an invaluable service to this country, services so discreet and so unspectacular that they are not or are hardly known to their principal beneficiary, the general public. They are often scarcely recognized by those long-winded providers of advice who think they have said all there is to say after quoting one or two reports with catchy titles that manage to attract a basically honest but otherwise superficial readership.

If Canada is the only developed country that has a Senate like this one, let us first appreciate the originality of this institution before hiding our heads in shame, and let us consider how the Senate's originality is suited to the Canadian situation and whether it would not be more realistic, more expedient and better for the country to educate the public instead of putting up with complacent or condescending attitudes, however well-intentioned they may be.

[*English*]

I think we are unanimous on the need for Senate reform, but I do not think this house is in such a state of disrepair that it needs rebuilding on entirely new foundations. Its defects and deficiencies are of the kind that have to be expected in any institution as important and venerable as this one. I see nothing wrong in the Senate that would not be corrected by some moderate but serious reforms. I recognize that some areas are particularly sensitive—first of all, the crucial process of nomination where necessary corrections must extend to the redoubtable source itself, then the problems of term and attendance, then the question of work distribution. I am convinced that solutions in each case are within the range of the *status quo* without undue disturbance in the present set-up.

There would be widespread disappointment and frustration, for nothing would turn out to be sensational or spectacular. In my view, such outside reactions are none of our business.

• (1530)

Of course, if we are not consumed—up to a point, to be sure—by our zeal for this house (Ps. 69:9) we shall fail. But, honourable senators, I know that there is a high degree of virtue in this place and an ample amount of it for reform. There is in the Senate an abundance of human substance of the highest order. This very fact alone would prevent me from accepting the prospect of an elected upper house. How could I ever bring myself to shunt aside, so to speak, so many of my distinguished colleagues, how could I ever become inconsiderate enough to dismiss them as irrelevant and illegitimate in the legislative train, and not even good enough for recycling through the electoral grinders and sieves, and other more or less discriminating machines of democracy?

Having faithfully listened to them during debates in this house, having observed them attentively in the course of our

committee deliberations, I have been led to a high degree of reverence and admiration. Nowhere have I encountered such dedication to the common weal and to the affairs of state, such competence and acuity, such sagacity and persistence. To an old novice like myself, most of the sittings in this chamber, or in the austere audit rooms where committees convene, are priceless lessons in human praxis, as well as great intellectual treats. Honourable senators may rest assured that, however warm my feelings, I do not idealize them, nor am I being too easily enthusiastic about them. My appreciation of things can be quite objective. That is why I dare to say that the exercise of sober second thought, which I so often witness, particularly in committee, is not only very sober but also extremely dry, and that for all participants with experience and learning, even for those who merely bring simple but strong goodwill, the sittings are ordeals, but ordeals in the most positive sense of the word, that is, occasions of optimum challenge.

I may at times have sounded a little harsh, but I never intended to disparage any person or institution. As to public opinion, I am not prone to take that into account regarding my thinking or writing. I stand outside of its currents as much as possible. Nevertheless, if my fervour has forced a note of harshness now and then, I hope to be forgiven. I was speaking always from the point of view not of Sirius but of the Senate of Canada, a noble enough vantage point. Given time, I could well have spoken just as warmly of the other place, which I recognize as being the first house, the main chamber. But a strict distinction had to be maintained, even on the emotional plane. It is from the other place that the bulk of legislation originates. The other place is the legislative spring, where members are exposed pitilessly to the existential stuff of politics, living in political immediacy, encountering all of the constraints of daily life in their activity as delegates of the people and interpreters of the popular will. Senators, however, are protected from all direct public pressure in the freedom and integrity of their reflection and judgment, and therefore this place must be a house of high honour.

I hope that the nightmare of a possible elected Senate will be dissipated by a sudden and unequivocal awakening in both houses, so that our fate as senators will not be similar to that of a so-called major league professional hockey team—the Ottawa Senators—which flourished in the 1920s, and which is now extinct and as forgotten as the dodo.

Hon. Ann Elizabeth Bell: May I ask the honourable senator a question? Would he agree that the seeming obsession with the legitimacy of the Senate as a non-elected body is merely a bias that illustrates nothing more than a failure to understand the distinction between authority and the delegation of authority?

Senator Le Moyne: I have never considered the question from that point of view; but I consider that the current obsession with the question of legitimacy is related to a diffused feeling of guilt.

On motion of Senator Frith, for Senator Steuart, debate adjourned.

NATIONAL FILM BOARD

FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Molson calling the attention of the Senate to certain activities of the National Film Board and, in particular, to the film "The Kid Who Couldn't Miss".—(*Honourable Senator Nurgitz*).

Hon. John M. Macdonald: Honourable senators, I understand from Senator Nurgitz that it is not his intention to participate in this debate and that he is prepared to yield to Senator Everett.

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

Hon. Senators: Agreed.

Hon. Douglas D. Everett: Honourable senators, recently a group of us were taken by Senator Molson to see the film "The Kid Who Couldn't Miss" presented by the National Film Board. As honourable senators know, that is the so-called documentary produced on the life and exploits of Billy Bishop.

It is true that the film, which runs for approximately an hour and a half, was produced in a documentary style, but it draws largely on the fictional stage play, based loosely on fact, called "Billy Bishop Goes to War", which many honourable senators may have seen.

The producer of the film, Mr. Cowan, has tried to establish a case against Billy Bishop which suggests that he won the Victoria Cross, and several other medals for heroism, because he lied about the kill count he was able to achieve. The producer, in his film, starts off with innuendo, giving the impression that Bishop was a ne'er do well and hell raiser, that he was thrown out of RMC, and that his career in the Royal Flying Corps was based largely on the intercession of powerful friends. The film makes a great deal of the fact that Bishop often flew alone and that following his return from a mission he would state that he had shot down one or more planes.

In the film there is portrayed a mechanic named Walter Bourne, who serviced Bishop's planes. At no time is there any direct quote from Walter Bourne because apparently none has been preserved. What is heard is a composite of complaints from others, and comments that the producer obtained as a result of his investigation. An actor is used to convey the impression that the quotes originated from the mouth of Walter Bourne.

The main part of the case against Bishop concerns the famous Estourmel raid for which Bishop was awarded the Victoria Cross. As honourable senators know, that was the raid in which Bishop set off early one morning and destroyed a number of aircraft on the ground at a German airfield. Cowan bases his case on the fact that no German records were found of the destruction of that airfield.

• (1540)

But as the Air Force Association has pointed out, Cowan ignores the testimony of captured German pilots, British intel-

ligence behind the German lines and a Royal Air Force pilot who flew over that particular field and saw the destruction that Bishop had caused, that the raid did occur. I suppose one can go either way on the matter. One can say that it is more important that the German records did not substantiate Bishop's claim, although one must remember that the records were destroyed during the war, or that the three elements I have just mentioned are the right ones. The point is the producer did not give you that choice. He merely stated that there were no German records found to indicate that the raid had taken place.

Then the film comes back to Walter Bourne, who was played very skilfully by the same actor who played the role of Billy Bishop in "Billy Bishop Goes to War." In the film Bourne states that Bishop landed his plane, took the Lewis gun off the plane and shot holes in the plane's fabric. Bourne states that he must have done that because a Lewis gun could not be removed in the air. Is it not just as rational to assume that if Bishop actually landed the plane and took the gun off, he could just as easily put it back on and not leave the evidence that the gun was off? Bourne also states that the bullet holes formed a circle. He said that he had never seen a plane come back from combat with bullet holes in one particular spot but, rather, they were always sprayed all over the plane. Bishop knocked down 72 aircraft. Surely he would know better than Bourne that bullets spray and that in a dog fight the holes are not concentrated in one place. Mr. Cowan makes the point that King George V had always wanted to award the Victoria Cross, the Distinguished Service Order and the Military Cross to the same person at the same time, which is what he did with Bishop. The narrator goes on to say that "what the king wants the king gets." That is the case which Cowan establishes against Bishop.

What are we to think? First, in any situation of this nature free comment is reasonable; Mr. Cowan is entitled to his opinion and nobody can argue against that. However, his allegations are totally unproven. This is not a balanced investigation that allows the viewer to take the facts on one side and put them up against the facts on the other side or to determine how the facts relate to the allegations. It is done by innuendo and by one-sided suggestions. We must also remember, as Senator Molson pointed out, that this film was produced by the National Film Board, the sort of organization that should be dedicated to concern for truth. The film has been sold to the Public Broadcasting System of the United States. I understand that it is being shown in Canadian consulates and embassies throughout the world. The reaction of an editor of the *U.S. News and World Report* as to what effect the film will have on people who see it is interesting. He says, in part:

> Is it possible for Canadians to go further in self-hatred? You damn your own man with faint praise and swallow the myth of your enemies. The NFB tore Bishop to shreds more effectively than any German Fokker.

I believe that Senator Molson's suggestion of the other day is eminently fair, since the National Film Board is a government agency and since people in other countries will be inclined to take what it says as being reasonably judicious and fair. As reported in *Hansard* at page 191, he said:

> —I suggest that the National Film Board be requested by the minister to withdraw this film for full editing, to cut out all unsubstantiated charges of fraud or lying, and that the minister request the Department of External Affairs to stop immediately the showing of this film in our consulates and embassies until it is properly edited.

Honourable senators, I would like to deal briefly with what I think is a more serious innuendo in the film. I think that Bishop maintains himself as an authentic hero. It is true his claims may sometimes be unsubstantiated, but in war that often is the case. Sometimes people who are heroes go unrecognized and people who are not quite as brave get the medals. It is true that there must be heroes in war. It is true in war that not always the nicest people are the best fighters. But it seems to me that I would rather go into the ring with a heavyweight professional knowing something about boxing than I would without any knowledge at all. The fact is that, despite this film and despite the attempts of the producer to the contrary, Bishop comes out as an ace. We call someone an ace when he has shot down five planes. He may be 10 per cent out and shot down only 60 planes instead of 72, but he was still one hell of a flyer and a hero. So I am not too worried about what happens to Bishop in the film, although I agree with Senator Molson's suggestion.

However, the basic premise of the film is that all wars are fought by blood-thirsty generals who itch to get into war, that arms build-up inevitably leads to war, that World War I was fought to preserve a useless aristocracy and for no other reason, and, finally, that war is horrible and should be avoided at all costs.

It is interesting that nowhere in the film is there any suggestion that we should ever stand up and fight for our principles or beliefs. I do not remember World War I, but I certainly remember World War II. That war was fought to prevent a madman from taking over the world because we believed that our freedom was worth standing up for.

• (1550)

I suppose one can talk about peace at any price; but I would suggest that in the Second World War more lives were lost because of the concept of peace at any price than would have been lost by building up a defence against Hitler. To me, the essential question seems to be: Are our beliefs worth fighting for? War is unthinkable; but living under a communist dictatorship is equally unthinkable. There is no easy way to resolve these two issues, but to resolve them on the basis of peace at any price is absolutely wrong.

What I have against the movie is that Bishop was denigrated to prove that point. In my judgment, he deserves much better treatment than that.

Hon. Senators: Hear, hear.

On motion of Senator Macdonald, for Senator Marshall, debate adjourned.

AFFAIRS OF THE AGED

MOTION TO ESTABLISH DIVISION—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator Benidickson, P.C.:

That, in the opinion of this House, the government should give consideration to the establishment of a Division of the Affairs of the Aged, with responsibility, insofar as the Parliament of Canada has jurisdiction, for promoting the welfare of aged people in Canada by

(i) planning and helping to plan Government of Canada policies on the affairs of the aged, in particular, in the areas of human rights, income security, employment, retirement and public services, including housing, nutrition, health care, education and recreation;

(ii) administering such Acts of the Parliament of Canada and such orders and regulations of the Government of Canada as are assigned to it;

(iii) coordinating policies, in both the public and private sectors, affecting the aged;

(iv) carrying out research and dispensing information on the affairs of the aged; and

(v) engaging in such other activities as are considered conducive to this goal by the Governor-in-Council. (*Honourable Senator Croll*).

Hon. David A. Croll: Honourable senators, I last spoke to this matter on February 7. Before continuing my remarks, I wish to call to the attention of honourable senators a report by the National Council on Welfare on the incomes of the aged entitled "Sixty-Five and Older". This report is related to what I had to say previously and it is worth reading. I recommend it to honourable senators.

Last week I spoke to the question of establishing a federal division on aging. What I had in mind in that respect was something along the lines of the Ministry of State for Fitness and Amateur Sport. I think that is an important area, although much less important than the problem of aging. The problem of aging concerns every Canadian since the problems besetting older people in our society lie in wait for all of us. The Senate has a special responsibility to speak out for the elderly—we are not regarded as a youth club. Whatever the present situation every man and woman in Canada faces the same prospect—he or she must grow old. Of course, that comes as no surprise. What is surprising and, indeed, what is disturbing is the disregard with which we as a nation habitually treat our older people. The sad fact is that, by and large, the elderly are still forgotten constituents in our youth oriented society.

Most people seem to think, when they think about it at all, that our older people are getting along quite well. After all, do they not have old age pensions, the guaranteed income supplement, spouses' allowance, Canada pension, private pensions and some savings? Do they not have their own children to look after them? On paper there might seem to be no urgent reason for concern. Those of us who have looked into the problem, as did the 1966 Special Committee of the Senate on Aging, know only too well that such benefits, helpful though they may well be, are not distributed evenly throughout the older population, and in far too many cases are either missing altogether or are hopelessly inadequate.

The elderly are an underprivileged minority. The plight of the elderly in our society, as singled out by the penury of older women, for special mention, is nothing short of a national disgrace. Unattached older women in our society are the poorest of the poor. They deserve better.

In a moment I will say something about the needs of the elderly and what government can and should be doing to meet those needs. However, first, I want to warn against any tendency to feel complacent, since what we are now doing for our elderly will be spread even thinner in the years to come. That is because the proportion of older people in our population is steadily and relentlessly increasing. Already there are many who fall between the cracks in our system and there will be many more.

The physician-priests of Assyria and Egypt believed that old age and death were not inevitable; the same hope was cherished later by the physicians of Rome, Greece and the Arab world. During the Dark Ages the elixir of life was the object of a continuing search. We know better now, although we have managed to extend human life to a remarkable extent.

Canada has always considered herself a young country. Well, that is no longer true. The aging process affects nations just as it does people, and Canada has already become an old country. By United Nations standards this happens when more than 8 per cent of a country's population is over the age of 65. The proportion of Canada's population over this age is now 9.7 per cent, and increasing. Demographers tell us that this trend will not be reversed.

Why is this? The answer is simple. At one end of the scale we are witnessing a steadily declining birth rate, and at the other a rising life expectancy. Looking ahead the result will be that over the next 50 years or so the proportion of Canadians over 65 will double from the almost 10 per cent at the present time to more than 20 per cent by the year 2031.

While improvement in the mortality statistics has been notable for people of all ages, the latest available North American statistics show that most of the added time has come to the life expectancies of people 45 and older. In fact, the statistics for the period 1971-80 show that the improvement has been particularly notable for the 65-year age group.

• (1600)

Life expectancy after 65 in the 1941-51 period averaged 13.8 years. By 1969, the average had risen to 15 years. Moreover, in just one decade ending in 1980, male life expectancy had risen to 14.1 additional years after 65 and female life expectancy had risen by 18.5 years. Since most males take wives younger than themselves, is it any wonder that there are

so many unattached women in the over-65 group within our population?

Improvements in health care and continued advances in medical science and drug therapy are expected gradually to push life expectancy up even further, according to a spokesman for the Canadian Life and Health Insurance Industry which represents 170 life insurance companies.

The extension of life for those over 65 has been unprecedented. Life expectancy improved more in the 1971-80 period than in the previous 20 to 30 years. It has affected both sexes and all races. The numbers involved are not small. As of June 3, 1981, there were 4,381,000 people in Canada over 55, and more than half of that number were 65 or older.

Of course, there is no guarantee that one will live to the limit of one's life expectancy. Many people do not realize that, when actuaries provide an expectancy figure of, say, 15 years, it does not mean that all of the people in the group are expected to live to the end of that period. Rather, it means that half of them will be alive at the statistical limit. In actual fact it is an even bet, and those who are in poor health or living on an inadequate income will predominate among the losers. Putting it another way, according to the population projections of Statistics Canada, the number of our elderly citizens is increasing at the rate of two per cent per annum, which is approximately twice the rate of growth of the population as a whole. What does that mean? Simply, that our existing programs and facilities, which are already inadequate, will be totally unable to cope with a 100 per cent increase in demand.

The final report of the Special Committee of the Senate on Aging defined seven areas of concern for the elderly: Income status and security; employment status and opportunities; health status and health care; housing status and needs; community services for older people; research and statistics; planning and co-ordination. As I said a moment ago, we have not yet begun to deal adequately with any of these areas of concern. How shall we fare when the elderly comprise not a tenth but a fifth of our population? As a nation, we last took a serious look at the problem 20 years ago through the Senate Committee on Aging, and action on the issue is long overdue.

The effect of these demographic trends will be almost incalculable. Let me outline just a few of the problems that already exist and will become much worse as the proportion of seniors increases. We cannot change the inevitable, but surely we can prepare to cope with it. According to census data, in 1975 the average income of families headed by 45 to 54 year-olds was $19,955. In the same year, unattached pensioners had an average income from all sources of $3,769 and couples who were pensioners averaged $8,746. Almost half of all pensioners were below the poverty level and that figure included 61 per cent of all unattached senior citizens. Honourable senators will note that particulars of the poverty level are in the material now before them.

The situation has hardly changed since 1975. By 1978, some 54 per cent of all pensioners were poor enough to be receiving the guaranteed income supplement and 19 per cent of all seniors were totally dependent on Old Age Security Guaranteed Income Supplement Benefits. In 1983, 50 per cent of people over 65 lived on less than $7,000 a year. This is not a record we can be proud of. A reference to the poverty level particulars I have provided will show that the figure of $7,000 is very low. Since 43 per cent of the population have no income from private pensions or investments, retirement means destitution for many Canadians. It does not take a great deal of imagination to predict that our pensioners will be falling behind every year as their numbers increase.

An enormous effort is required to correct these deficiencies. It will take larger and larger contributions to government-sponsored programs, both by government and by employers and employees, to meet even a reasonable escalation of need among our retired population. As well, fundamental changes will be required in the portability, vesting, indexing and survivor provisions of employer-sponsored programs. These changes, in themselves, will not even be sufficient, since the latter plans provide Canadians over 65 with a mere 13 per cent of their retirement income, while government plans provide over 50 per cent. However, that is not the end of the story. In our society the older or retired sector has traditionally depended upon the youthful majority to fund its social security. Given present demographic trends, such a structure can no longer be taken for granted. At the present time there are approximately five workers to one pensioner. By the year 2031, the ratio will have fallen to two workers for every one pensioner. By any standard, that ratio will be inadequate to support the kind of social security system to which we are accustomed.

Economic factors, however, do not tell the whole story. In addition, the elderly have traditionally depended upon the youthful majority to provide not only financial assistance but psychological security as well. That, too, can no longer be taken for granted.

Given the decline in the birth rate, the incidence of one-child families and the the increasing rate of divorce, elderly people in the future will have much less opportunity for family support than they have had in the past. This lack of family support will cause the demand for social services by senior citizens to grow more rapidly than the actual increase in the elderly population.

The report of the Senate Committee on Aging in 1966 pointed out that in a changing society, based on technical and scientific achievement, the experience and wisdom of the old are often at a discount. This is highly destructive to the self-esteem of the aged, and they find it increasingly difficult to maintain a satisfying foothold in the community. Our treatment of them since the publication of that report cannot be said to have helped the situation.

There are countries where the old have lower standards of living than in Canada but greater involvement in society and a greater sense of worth. Changes of attitude are needed here, and a division on aging could do important work in shaping those changes. When attitudes are changed, society will change with them.

If I have sketched a bleak future for our elderly people, it is based on fact and on projections made by qualified professionals. I remind honourable senators that I have thus far dealt with only the first of the seven areas of concern I alluded to a moment ago. The outlook in most of the other areas—for example, employment opportunities, housing needs and community services—is equally dismal.

Let me turn to employment opportunities for a moment. Here the first evil is mandatory retirement based on age—still very much with us in Canada. Here is what the Chairman of the United States House Select Committee on Aging said on that subject:

> "Age-based retirement arbitrarily severs productive people from their livelihood, squanders their talents, sears their health, strains an already overburdened social security system, and drives many elderly people into poverty and despair. Ageism is as odious as racism and sexism."

Who can disagree with those words? They apply only too accurately to the situation in Canada. And, under the Canadian Charter of Rights and Freedoms, next year we will have disposed of mandatory retirement.

The report of Statistics Canada on employment opportunities for the elderly is appalling, and not just for people of 65 and over. In our society, obsolescence begins at 40. Middle managers who are terminated in their 40s and 50s encounter acute difficulty in relocating. It is a phenomenon of our times. The sad truth is that the older you are when you lose your job, the harder it is to find a new one, regardless of talent and experience. Ironically, the pension plans of many companies help to bar the entry of older employees into jobs.

The same depressing picture exists in every one of the seven areas of concern I spoke of earlier. The outlook for older people in Canada is bad indeed, and it is getting worse.

Honourable senators, we cannot wait for a miracle to happen. These problems will not go away. They are not about to solve themselves. Indeed, according to Statistics Canada, they are going to get worse; much worse. It is up to us to see that they get better.

What is to be done? In my view, the proposal to set up a federal division on aging deserves our most serious consideration as a first, major step in our search for solutions. I see it as the best way to marshal the knowledge and resources necessary to deal with these problems. Up to this point efforts have been fragmented among many conflicting jurisdictions, and the elderly have suffered for it. We need the knowledge, the funding, and the clout of the federal government to do the job.

That is why I vigorously support the concept of a division on aging. I do not say that by establishing such a department we will solve all the problems of our older people; the social and financial issues involved are difficult, and they call for more than good will.

We are entitled to ask: What can a division on aging do for our elderly people that is not already being done by somebody else somewhere in Canada? In fact, its absence is a large part of the problem. There are many facilities and services, public and private, and many programs, federal, provincial and municipal, but no one is co-ordinating them. There is a disturbing drift away from uniformity in provincial pension legislation, which is seen by Lawrence Coward of William M. Mercer Limited as a balkanization that can be costly and destructive. That is actually happening in the provinces of Saskatchewan, Manitoba and Quebec.

Needs vary widely in different sections of the country. For example, at the present time Prince Edward Island and Saskatchewan have a substantially higher percentage of people over 65 than do any of the other provinces. Alberta, British Columbia and Ontario, while somewhat lower, are expected to experience increases in their share of the national older population. As a result, there are differing problems that differ across the country and for which only the federal government can make provision.

A division on aging would not only unify the federal response to the issue but would also advance federal-provincial negotiations in this all-important field and would permit the co-ordination of federal-provincial policy and long-term planning. Remember, we must look at the long haul. The year 2031 seems a long way off today, but the projected increase in our older population has already begun and is growing inexorably every year. The crisis will not start suddenly in 2031; it is developing right now.

There are many reasons why the federal government should set up a division on aging. Not the least is the fact that as the senior partner in the Canadian federation it is the one body that can promote solutions, consolidate ideas, and investigate and, to a large degree, direct problems relating to a social issue of this magnitude.

It is only through federal-provincial co-operation that we have developed the broad social legislation that we enjoy today. Through similar co-operation we can come to collective grips with the problems of an aging society.

Aging is not a process affecting just individuals or regions. The western industrialized world has recognized that, and the United Nations suggested some years ago that every country should set up a national commission on aging. In a world of interdependent economies there is need for international exchanges of ideas, policies and solutions, and for that the federal presence is required.

When the Honourable Monique Bégin announced the establishment of a national bureau on aging within the Department of National Health and Welfare, I applauded the move. But it is no more than a minimal response to a national problem.

In considering the concept of a division on aging, we must determine what responsibilities it should have. There are two obviously important aspects of federal involvement: the income tax system and social security. Without attempting to deal with either of these areas in depth, I suggest that a separate division could make a significant contribution in both areas.

The taxing power enables Parliament to regulate at the federal level the taxes to be paid by individuals. It can take

into account the amount of tax that an older person pays, and it does so by adjusting exemptions for those who are 65 and over. It also takes initiatives to restructure the tax base more equitably.

The taxing power also gives the federal government leverage in areas such as private pension plans, usually a matter of contract within provincial powers. For an aging population, there are a number of reasons for concern arising from the taxation rules for pension plans. There is also the matter of portability. A society such as ours, which benefits from mobility of workers, will have to encourage total portability in the interest of workers of all ages, but especially for those approaching retirement. The tax structure can be adjusted to promote such portability, which virtually everyone agrees is desirable. Here, a division on aging could serve to co-ordinate the needed change of rules across the country and to promote an enlightened taxation philosophy with regard to older people.

It is true that the taxation rules are extremely complex and are tied to the tax structure in general. There is no suggestion that Revenue Canada should not continue its present administrative and processing functions. Nevertheless, a division on aging could play a large investigative and co-ordinating role in all areas of taxation affecting the elderly.

It could play an important role as well in the field of social security. The cornerstone of the federal government's old age security structure is comprised of the Canada Pension Plan, Old Age Security, Spouse Allowance and the Guaranteed Income Supplement. The Canada Pension Plan also deals with survivorship problems. These programs are administered along with family allowances which cover a very different age group—those under 65. Consolidation of the various income security plans within the division on aging would be logical and feasible. At the present time, the plans are administered by a department which has other, enormous responsibilities. The new division would provide a highly practical alternative.

Honourable senators, I am not attempting to lay out a detailed blueprint of the proposed division. I am merely trying to outline some of the problems that exist and to suggest possible solutions and a practical approach.

With the minister heading the division within a department responsible to Parliament for its activities, the problems of the elderly could be given an administrative focus embracing all of the existing programs. In addition, there would be a framework for co-ordination with other departments such as Revenue Canada and Manpower and Immigration. The new division might also have its own policy and research branch.

By giving the proposed body full divisional status, the door would be opened to deal with the provincial and municipal levels of government in a forceful and effective way. Most importantly, the federal government can speak for all Canadians, and all Canadians are going to be involved. By setting up a division on aging, the federal government would be sending a clear signal to other levels of government that the time had come to mobilize their resources to meet the issue.

[Senator Croll.]

The question is often asked: What do our older people want? Let me answer it this way: They are not just looking for more money, although more would assuredly be welcome. They are not just looking for better food, or clothing, or shelter, desirable though such things would be. Our older people are looking for dignity and for respect. A general serenity coupled with self-respect is a requisite for personal happiness. There is no serenity and little self-respect available, when you are old and poor.

All human beings have the same basic needs, but personal values influence how we satisfy those needs. Abraham Maslow, a social psychologist, has developed a widely accepted theory that claims that needs are hierarchical, in the sense that there are priorities in how we regard them. While not the last word on the subject, it is, nevertheless, a useful working model. At the top priority level, Maslow puts self-fulfillment; next, self-esteem—recognition, respect, prestige and achievement; next, social needs—love, affection and belonging; then safety needs, physiological and psychological; and, finally, physiological needs—food, clothing, health and shelter.

Our seniors have made a real and significant contribution to the building of Canada, whatever their individual walks of life. It is not a matter of social rank or profession or occupation. Each one has contributed according to his or her ability and that should be recognized and acknowledged. Our older people are sick and tired of being looked on as second-class citizens. They want recognition and they are entitled to it.

We have before us a proposal to create a division on aging. I invite you to give the proposal early and earnest consideration. There is no thought in my mind of creating a philosophical barrier of segregation between older Canadians and all others. Youth and age are states of mind as well as physiological conditions, and we are going to need the input of Canadians of all ages to cope with the social changes that lie ahead. Through a division on aging, our society can marshal its knowledge and resources to deal with those changes. In the meantime, the calendar is relentlessly enlarging the issue every day. We cannot afford to procrastinate. Older people need what all of us need: dignity, money, proper medical services and the opportunity for useful work. The only inevitable losses of old age are physical. Our society inflicts the others. What the elderly need most of all is enough money to live decently and with dignity. Too many of them do not have it. So they are asking to be paid for work they have done through their lifetime, even if they are not doing it now. Theirs is a need this country cannot disregard.

Honourable senators, I ask your support for the motion.

Hon. Senators: Hear, hear.

On motion of Senator Macdonald, debate adjourned.

• (1630)

WINTER OLYMPIC GAMES, 1984

GAETAN BOUCHER—FELICITATIONS ON WINNING GOLD MEDAL AND BRONZE MEDAL

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, before moving the adjournment, on behalf of the Senate I should like to express our congratulations to Gaetan Boucher, a Canadian speed skater, who has won an Olympic bronze medal and an Olympic gold medal for Canada in the Winter Olympics.

[*Translation*]

Hon. Martial Asselin: I know Gaetan Boucher who is from the Quebec region and I want to join with the Acting Leader of the Government in congratulating him. We are really proud of Gaetan Boucher and we offer him our heartfelt congratulations.

The Senate adjourned until Thursday, February 16, 1984, at 2 p.m.

THE SENATE

Thursday, February 16, 1984

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

Prayers.

[*Translation*]

THE HONOURABLE JACQUES FLYNN, P.C.

FELICITATIONS ON RETURN TO CHAMBER

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I wish to take this opportunity to welcome our colleague, the Leader of the Opposition, who, we are delighted to see, is once again in the saddle, riding in front of his troops under the blue flag. Although I have often been a target for his arrows, I wish to emphasize the sincerity of my welcome and my pleasure in seeing him back in this Chamber, in good health.

[*English*]

If I may I will add one other thing which he probably already knows, and that is how well his deputy performed as acting leader in his absence and how he has, as usual, added to the respect and esteem in which this house holds him.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, although I was not expecting a welcoming speech, I put a few words down on paper anyway!

[*English*]

Senator Frith: "I just happened to have my music."

[*Translation*]

Senator Flynn: I am not so sure this is going to last.

[*English*]

Honourable senators, I must admit that after an absence of more than four months I felt somewhat out of place when I entered the chamber a few moments ago. However, after this warm welcome I want you to know that I feel much better. It is nice to be back and to be able to thank you all again for your many expressions of solicitude during my illness and convalescence. It was truly comforting to know that you cared enough to be concerned.

As I got better and stronger, less preoccupied with eternity and more with proximate future, I began to worry about my image in this place. You are definitely not supposed to say that you missed me, hope that I am regaining my strength, are pleased to see me back and look forward to picking on me anew. I am supposed to be the "picker"—not the "pickee".

I would like to thank especially Senators Roblin, Asselin and Macdonald for the fine work they did while I was away.

Hon. Senators: Hear, hear.

Hon. Jack Marshall: What about us?

Senator Flynn: Of course, they were helped by everyone here, and even, I am told, occasionally by the Deputy Leader of the Government. In fact, they did so well that I will ask them to continue on for a while yet. I do not want to go too far at the beginning.

[*Translation*]

Mr. Speaker, I also wish to take this opportunity to congratulate you on your appointment. As you know, approval of your appointment was unanimous. I was able to send you a message to that effect and to give you the assurance of my full co-operation and, of course, the co-operation of all Opposition Members.

I know you well enough to say that your competence, impartiality and dignity suit you admirably to the duties with which you have been entrusted.

[*English*]

To the more recent appointees to this chamber, I extend the hand of welcome. You will love it here—you probably already do. There is always something important to do—for instance, the discussion on reform of the Senate. You may have, in some instances, added new elements to that debate.

Last evening I saw Senator Olson, and I can tell you that he is on the mend. For once he chose to copy me, but I think he picked the wrong occasion. As you may know, he plans to be back at his job in March, at which time we have agreed to assure one another and all honourable senators that we are our old selves again.

[*Translation*]

Thank you again, all of you, for your kindness.

[*English*]

TRANSPORT AND COMMUNICATIONS

FIRST REPORT OF COMMITTEE TABLED

Hon. Léopold Langlois, Chairman of the Standing Senate Committee on Transport and Communications, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the First Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

CANADIAN SECURITY INTELLIGENCE SERVICE

REPORT OF COMMITTEE EXPENSES TABLED

Hon. P. Michael Pitfield, Chairman of the Special Committee of the Senate on the Canadian Security Intelligence Service, appointed in the First Session of the Thirty-second Parliament to examine and consider the subject matter of Bill C-157, intituled the "Canadian Security Intelligence Service Act", with power to incur expenses in connection therewith, reported, pursuant to rule 84(4), the expenses incurred by the committee during the First Session of the Thirty-second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SECOND TO FIFTH REPORTS OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's second to fifth reports approving budgets of the following committees:

Agriculture, Fisheries and Forestry;

Energy and Natural Resources;

National Defence; and

Foreign Affairs.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

• (1410)

THE BUDGET SPEECH

PROPOSALS BY MINISTER OF FINANCE—NOTICE OF INQUIRY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I give notice that on Tuesday next, February 21, 1984, I will call the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on February 15, 1984.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, February 21, 1984, at 2 o'clock in the afternoon.

He said: Honourable senators, the plan for next week is to sit Tuesday afternoon at 2 o'clock, to leave Wednesday open for caucus in the morning and for committee meetings in the afternoon, to resume on Thursday at 2 o'clock, and to adjourn until Tuesday, March 6, at 2 o'clock in the afternoon. The only thing that might interfere with that program is the matter of Bill C-18, which, apparently, is not a controversial piece of legislation.

Bill C-18 is entitled: "An Act to provide for the settlement of claims by Indian bands in British Columbia relating to certain lands cut off from their reserves." The House of Commons had planned to deal with that bill towards the end of next week, which might have interfered with the plan that I have already announced of adjourning on February 23 until March 6; that announcement made on the basis of the adjournment of the House of Commons over that same period.

I have taken part in some conferences about this bill, including discussions with Senator Roblin, and it appears the House of Commons will endeavour to pass that bill this week. That will give us plenty of time to deal with it before the proposed adjournment. Therefore, while raising the potential problem, I do believe that it is settled and that we can plan to adjourn on Thursday next until Tuesday, March 6.

I believe that committee meetings next week will commence on Tuesday evening. I thought I had brought with me the list of committee meetings so as to be able to inform honourable senators more precisely, but I cannot locate it at the moment. I know that the Standing Senate Committee on Transport and Communications has scheduled a meeting for Tuesday evening. Some committee meetings are to be held on Wednesday afternoon and others on Thursday morning. So we will be quite active next week.

Honourable senators, I ask support for the motion.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, my honourable friend has made reference to Bill C-18. Perhaps it would be appropriate to say a word about that piece of legislation.

I, too, understand that, in all probability, the bill will be dealt with in the other place tomorrow, which is good news from our point of view. I would point out to my honourable friend, however, that this is a piece of enabling legislation. It enables some Indian bands in British Columbia to enter into agreements with the Province of British Columbia and the federal government in respect of what are called cut-off lands. I have satisfied myself by preliminary inquiries that the Government of British Columbia agrees with this bill. I assume that, if my honourable friend introduces it, he agrees with it. I would like to be assured. Perhaps the information as to whether the Indian bands concerned agree can be obtained before too long. That information is the missing factor in the equation. If we can have some satisfaction on that point, it seems to me that that bill should not detain us because, if all three parties concerned are agreed, we can deal with it in an expeditious fashion.

The other point I should like to make is that I hope my honourable friend can persuade some of our committees to meet on Wednesday afternoon next week. There was quite a crush this morning with three or four committees meeting at the same time, and that seems to be our bête noire around here. I would ask my honourable friend to try to space the

committee meetings so that Wednesday afternoon of next week is put to good use.

Senator Frith: Honourable senators, I will deal with the committee question first and then ask Senator Austin to respond to the question concerning Bill C-18.

The plan for next week, as it stands now, is that on Tuesday, after the Senate rises, the Standing Committee on Standing Rules and Orders will meet, and at 7 o'clock that evening the Standing Senate Committee on Transport and Communications will continue with its study on VIA Rail.

I am happy to be able to say that Wednesday is being well used next week, unlike, as Senator Roblin has pointed out, it was used this week. The Standing Senate Committee on Energy and Natural Resources will meet at 2 p.m., and the Standing Senate Committee on Legal and Constitutional Affairs will also meet at 2 p.m. At 4 p.m. the Special Committee on National Defence will meet.

On Thursday the Special Committee on National Defence will meet in North Bay, and the Standing Senate Committee on Transport and Communications will meet in the morning. As usual, the Standing Committee on Internal Economy, Budgets and Administration will meet at 11.15 on Thursday morning.

I would now invite Senator Austin to speak to the question concerning Bill C-18.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, in respect to the Indian cut-off lands issue—

Senator Roblin: My honourable friend should have spoken before the deputy leader because, if we are to pay any attention to the rules, the matter would be over, but I am not going to fuss about it.

Senator Austin: I am sorry; I don't understand the point.

Senator Roblin: The point is that, when my honourable friend spoke the second time on his motion he closed the debate, but you may go ahead.

Senator Frith: Unless we consider it responding to questions.

Senator Austin: I thought Senator Roblin was seeking information, and I rose after Senator Frith had spoken to give him that information. However, I do not want to abuse the rules.

Senator Frith: I should have proceeded in another way and let you go first.

Senator Austin: I simply want to assure the house that the Indian bands in question are very anxious to have that portion of the legislation which deals with the B.C. cut-off lands passed. There is a great history to that question, but the neat point at the moment is that, if the legislation is not passed by March 6, then the obligation of the parties, and particularly that of the Province of British Columbia, would also cease, and the matter would go back into limbo for renegotiation. Therefore, the Indian bands and the federal government are most anxious to conclude the agreement which requires the passage of that legislation.

Motion agreed to.

[Senator Roblin.]

LITHUANIA

SIXTY-SIXTH ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Hon. Stanley Haidasz: Honourable senators, since I was given the responsibility of implementing the federal government's policy of multiculturalism 11 years ago, I have come to know many Canadians and, in particular, Canadians who came to this country from Lithuania.

As honourable senators know, next Wednesday the Twelfth Baltic Night will be hosted by the parliamentary sponsoring committee composed of honourable senators and members of the House of Commons. There will be a musical program and banquet given by the Baltic Federation of Canada.

This gala is usually preceded by several events. It is fitting to note that today, February 16, 1984, is a great anniversary in the history of Lithuania. Canadians of Lithuanian origin as well as Lithuanians the world over are commemorating the sixty-sixth anniversary of the proclamation of the restoration of the independence of Lithuania.

The history of Lithuania is particularly rich in its defence of Christianity, its fierce love of patriotism and culture, and its heroic fight against the advances of the Teutonic knights.

• (1420)

In 1386, when the territories of Lithuania were almost as large as those of Poland and extended from the Baltic to the Black Sea, the Grand Duke Jogaila married the Polish Queen Hedwig d'Anjou. From that time on the two countries existed together in a commonwealth, and in 1569 the union was sealed by the Treaty of Lublin, a treaty of confederation which concluded that Poland and Lithuania should exist together as two states, having their own armies, their own lands, their own language, and their own customs and traditions. Subsequently, Lithuania was subjugated by the Russian Czarist regime, and, after regaining its independence in 1918, began to flourish, but enjoyed its freedom for only a short 21 years. We must remember that the Western powers and Canada promptly gave *de jure* recognition to the Baltic states, and they never at any time agreed to the *de facto* occupation of Lithuania, Latvia and Estonia by force in June 1940.

Lithuania today is a country subjugated by the U.S.S.R. and its people are clammering for fundamental rights and human freedoms. Those rights were guaranteed by the United Nations Charter of Human Rights as well as by the principles of the Helsinki Final Act, which was signed by the U.S.S.R., by almost all of the European countries, and by Canada and the United States.

Today, on the occasion of the sixty-sixth anniversary of Lithuanian independence, we pay tribute to the human rights activists in Lithuania and all of the Lithuanian peoples who are yearning for the return of true freedom and democratic institutions. We also pay tribute to Canadians of Lithuanian ancestry who, since their arrival in this country before the First World War, have contributed greatly to the economic, cultural, social and intellectual development of Canada.

We should not lose hope, however, but and we should co-operate with Canadians of Lithuanian origin to help them preserve their cultural heritage—which, in fact, we do through the federal government's policy of multiculturalism and its entrenchment in the Canadian Charter of Rights and Freedoms.

There is also further hope in the near future, as from the Stockholm Disarmanent Conference, which followed the Madrid Review meeting, as well as from the human rights experts' meeting which will take place in Canada in 1985. We hope there will develop a climate in which human rights and freedoms will again flourish in all countries.

[*Translation*]

WINTER OLYMPIC GAMES, 1984

GAÉTAN BOUCHER—FELICITATIONS ON WINNING A SECOND GOLD MEDAL

Hon. Philip Deane Gigantes: Honourable senators, a young Canadian from Quebec, Gaétan Boucher, has honoured his country today for a second time at the Winter Olympics. He has won the 1500-metre event in speed-skating, as he had won the 1000-metre event after winning the bronze medal in the 500-metre race. He is the first Canadian to win four medals at the Olympic Games; this young man has shown a really extraordinary willpower as well as an unequalled force of character and he is a credit to this country. I suggest that the Senate should congratulate him.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, probably no one has forgotten that we offered our congratulations for the bronze medal and the gold medal won by Gaétan Boucher last Tuesday or Monday. A third medal has now been added to these, and there may be a fourth one.

Hon. Jacques Flynn (Leader of the Opposition): Hear, hear!

QUESTION PERIOD

[*English*]

PRIME MINISTER'S OFFICE

INVESTIGATION OF LEADER OF PROGRESSIVE CONSERVATIVE PARTY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I rather imagine that the Acting Leader of the Government is anxious to have the opportunity to explain to us exactly what is involved in what is now known as Project Opwatch, which has to do with certain investigations undertaken with respect to certain members of Parliament by certain members of the administration. I would ask my honourable friend to give us that explanation.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators will probably have noted that in the other place the Deputy Prime Minister explained that what was alleged to be a covert operation turned out to be work done by a summer student in the library of the University of Ottawa, in obtaining publicly available material with respect to the Leader of the Opposition who had taken the position—and I would say quite rightly—that his career up to that time had qualified him for the job he had just undertaken.

There is very little I can add to what the Deputy Prime Minister said in the other place as to the nature of the so-called operation, except that it was what would seem to me would be considered normal activity by a political party, or the leadership of that party, in a legislature or Parliament to obtain information on parliamentarians, whether leading or otherwise.

Honourable senators will also remember that the Prime Minister's Office offered the opportunity to all journalists to go in and look at the material. In fact, if you were watching television you saw pictures of the journalists looking over the material to prove that it was public material and not covert.

On the other hand, I understand that the Progressive Conservative Party has today refused to allow reporters to see its files, assembled at taxpayers' expense, on Prime Minister Trudeau. The Progressive Conservative Party Research Director, Geoff Norquay, is quoted as saying:

> All I can say is that they are private files; they are for us and us alone and that is that.

A reporter from the Canadian Press was initially granted permission to see the Conservative material which fills two drawers of a filing cabinet. Approximately half an hour later he was told that he would not be allowed to see one of the drawers, and at that time no explanation was given regarding the withdrawal of permission. Approximately fifteen minutes after that, access to the other drawer of material was denied, and the reporter was then asked to leave. Staffer Lynn Richardson referred all questions relating to the files to Mr. Norquay. Mr. Norquay would not say whether there was anything damaging in the files. He was quoted as saying:

> I am not going to comment on that at all because that is none of your business. They are private files; they are files that belong to the Party.

—but files apparently gained at taxpayers' expense.

Honourable senators will remember that on Wednesday Conservative MPs were outraged about reports that government-paid staff in the Prime Minister's Office were used to investigate the background of Tory leader Brian Mulroney. As was pointed out, they called the investigation a "vain witch hunt"—although, apparently, they have been doing the same thing—and they demanded a public inquiry. The answers that were given were those that I have given today.

Mr. Norquay, apparently, would not say why he would not follow the Liberal example and allow reporters to view the material on Prime Minister Trudeau which is located in the PC library in a government-owned building near Parliament Hill. When asked if the files were assembled at taxpayers'

expense, Norquay said, "Yes, they were, but they are private files."

The files include books, newspaper clippings and other publicly-available biographical material, most of it written since Prime Minister Trudeau took office in 1968, dealing with his tenure as Prime Minister.

> However, some articles go back into Trudeau's past as a university professor and world traveller and some claim to prove Trudeau is a Communist. For example, there are seven copies of the *U.S. Congressional Record* for October 12, 1968, in which a Louisiana congressman quotes former Soviet embassy clerk, Igor Gouzenko—who defected to Canada in 1945—as saying there was a real possibility that Trudeau planned to turn Canada into "a second Cuba." There is also a reprint of a 1971 article in *American Opinion Magazine* entitled: "Canada—How the Communists took Control." The article says Trudeau headed a Communist delegation from Canada to a Moscow Economic Conference in 1952.

● (1430)

Hon. Jacques Flynn (Leader of the Opposition): That was assembled by his opponents at the convention in 1968.

Senator Frith: Honourable senators, that is the material that was gathered at the taxpayers' expense by the opposition leader's Conservative Party on Prime Minister Trudeau. All I can say is that, if we had that kind of material on Mr. Mulroney, as everyone knows, we would share it with the press—as we did; but in this case we find that, whereas what the Liberals have on Mr. Mulroney—which apparently falls into the same category, although it is less ample—is the subject of some sort of scandalous allegations, when the same material, gathered in the same way at taxpayers' expense by the Conservative Party, is asked for by the press, they are told that it is none of their damned business.

I thank the Honourable Senator Roblin for the occasion to comment.

Hon. Duff Roblin (Deputy Leader of the Opposition): I am sure that my honourable friend came loaded with what ammunition he had.

Hon. D. G. Steuart: Next question?

Senator Roblin: One would expect that of him. I am interested in what he has said, because I have some more questions.

Hon. Stanley Haidasz: Oh, no!

Senator Roblin: Indeed, this distasteful little caper, which my honourable friend is attempting to justify, is presented to us in the other chamber as being a public operation, and my honourable friend has mentioned today that this is no covert situation, no secret society, but a public investigation. I will accept that for the time being as a statement of the government's position. That being so, I am sure that my honourable friend will be quite willing to provide me with some information about how this public operation was conducted. For example, I would like him to tell me something about the cast of characters who, according to reports, are involved in the activities of the Prime Minister's Office. Without wishing to labour the point, I find quite a difference between something that is carried out by the Prime Minister's Office and something that is carried out by another politician some place else.

I would like to know what part Mr. Axworthy had in this operation. He is the principal secretary to the Prime Minister and I presume that he has information he can give us as to what his instructions were or what his intentions were. I would like to know what Mr. Michael Gillan had to do with this matter. He is said to be the Prime Minister's political communications advisor. There is a certain Mr. William MacEachern, who is described as one who would "do normal work in terms of points to be raised and that sort of thing." That description was offered by one of the parties that had something to do with the matter. What does that statement mean? Then I would like to ask what Mr. David Crenna had to do with the matter. He is described as a social policy advisor. How does a social policy advisor get involved in this kind of operation? I would be interested to know. I would also be interested to know what Mr. Pierre Cadieux had to do with the matter, because Mr. Axworthy described his mandate, if I have the information correctly, as being concerned with the social implications of the mining industry. I am sure that that position takes in a great deal of territory, but I would like to know exactly what Mr. Cadieux's role was in investigating the social implications of the mining industry. I would like to know why, if it was the case, he was instructed to confine his investigations to the library of the University of Ottawa? Why, for example, did he have no recourse to the Parliamentary Library?

Those are matters an examination of which would be interesting.

There is a young lady—I presume she is a young lady; all ladies are young—by the name of Susan Angus also referred to as being involved in this activity. If this is a public examination, as it is alleged, I think we have some right to inquire into what these various people did. I should like to know what their terms of reference were and whether they were paid for this operation? If so, what was the remuneration?

In other words, it would, I think, clear the air and perhaps establish the *bona fides* of my honourable friend opposite — which he is so impatient to communicate to us this afternoon — if he would continue the job and give us the full information with respect to this incident so that members of the Senate and others could have an opportunity to judge and weigh the very firm statement made by the Deputy Prime Minister that this was a defensible operation in every respect—and maybe it was. So I think my honourable friend should produce the information that would convince us of that.

Senator Frith: Honourable senators, I know that, consistent with Senator Roblin's reputation for fair play, he will surely subscribe to an even wider investigation and search for information than that which he is suggesting.

I suppose that, if what was done by the Prime Minister's Office was a "distasteful little caper", then what we have

found the Conservative government has done would be an equally distasteful, but much larger, caper.

I do not consider what the Conservatives did was any more distasteful than what the Liberals did. In fact, I do not consider it distasteful at all, because I do not consider what the Liberal Party did or what the Prime Minister's Office did as being distasteful in any way; it was quite normal. That was done for a period of some 20 years, or at least 15 years, by the Conservative Party.

Why not have an exchange of information? Why not find out the role of the *dramatis personae* listed by Senator Roblin, and then perhaps he could speak to Mr. Norquay and ask him why, if the Liberals are prepared to share their information, the Conservatives are not, and what role Mr. Norquay played in obtaining the information that he refuses to share. Perhaps he could be asked what role other people might have played, who might have been in organizational positions since 1968. Perhaps Senator Murray had a role to play in that, and if he did, I would not criticize him for doing that.

I think honourable senators would consider it a fair exchange if, while I am searching for an explanation of the role of certain people in what I insist was not a covert, distasteful little caper, he would obtain more information on the Tory material, and also the roles of the various *dramatis personae* since 1968.

An Hon. Senator: Hear, Hear.

Hon. Jacques Flynn (Leader of the Opposition): He would be the only one to agree with that.

Senator Roblin: Someone in the chamber likes what my honourable friend has said, but I do not. If my honourable friend wants to reveal information from the Liberal information bank with respect to the Conservative Party, we might have something to talk about. When he speaks about what is being done in the Prime Minister's Office, that is something quite different.

In view of the fact that the Deputy Prime Minister said in the other place that this was work performed in the interest of Canada, the least my honourable friend can do is reveal to this house the way in which this work performed for the benefit of Canada is being conducted, who is doing it and under what terms of reference.

If he wants to get into political files, I invite him to look at mine. I have one, and maybe he has one, too. He is free to look at mine. If he wants to open the bank of the Liberal Party files, as he suggested the bank of the Conservative Party files should be opened, there may be something to talk about.

I really want to get back to the point; it has to do with the information collected by the Prime Minister's Office.

● (1440)

I have another question which I think I could well ask my honourable friend: What other members of Parliament—I do not even say Progressive Conservative members—are under this public scrutiny by the Prime Minister's Office? Indeed, if there are none, is he able to give me the assurance that this sort of thing will cease, insofar as the Prime Minister's Office is concerned?

Regarding political party offices, I think we will have to agree that the amassing of information about personalities in the country will continue; but I would be very disturbed, indeed, if he were to tell me that the Prime Minister's office would continue this sort of operation.

Senator Frith: Honourable senators, all I can say is, "nice try." Let us get back to exactly what we were talking about. The question has been raised about activity undertaken by the Prime Minister's Office at taxpayers' expense to obtain information on the parliamentary leader of another political party. That is the allegation. I am not speaking about anything more than that, nor is Mr. Norquay. We are both talking about the same thing: that is, information gained and filed at taxpayers' expense—not separate party documents—on the leader of another party, namely, the Liberal Party. Again I say the information being asked for has already been shared publicly with the press.

Hon. Lowell Murray: Do you think anyone believes that?

Senator Frith: I have no difficulty in offering the same documents that were offered to the press. In the meantime, can we expect to hear from our friends opposite, who are so keen on letting the air in on this whole matter—it having already been let in through the open windows with the sun shining in on the Liberal side in a sense of fair play and equity—something different from Mr. Norquay? We can then set a time when friends opposite can, if they want to, come to view the same material that was shown to the press. Perhaps we can then go and view the same material that was established—not all party files, not my party files, not Senator Roblin's party files—for exactly the same purpose but covering a longer period of time and also at taxpayers' expense?

Senator Flynn: Honourable senators, I can supply some information to the Acting Leader of the Government with respect to the material assembled on the Prime Minister's trip to Cuba and so on and so forth. I remember very clearly that this material was assembled by his opponents in the leadership campaign of 1968. I am quite sure that if he questioned some of them—and I will not name them, although I know some of them—he would find out everything he wants to know. At that time it was also public knowledge.

Senator Frith: That is most interesting. What the Liberal Party has simply said is, "Here are the documents; come and see them. Make up your own mind whether there is anything here that has been obtained in a covert way." However, when we ask for the same thing from the Conservative Party, we are to ask the question of leaders or of people contending for the leadership of the Liberal Party. The analogy is right. No matter how much my friends try to escape the analogy, it is a sound one. We have yet to hear why there was anything covert about the material that was obtained by the Liberals. I am sure there was nothing covert about the material obtained by the other side. One way to convince the people of Canada that the Conservative Party is interested in fairness and equity with

respect to this kind of situation is for them to tell Mr. Norquay to follow the Liberal example.

Senator Murray: Honourable senators, the Acting Leader of the Government has referred to the opposition research office. There is a comparable parliamentary office on the other side, which is a parliamentary research office for the Liberal caucus. However, Project Opwatch is not being conducted by the research office of the Liberal Party caucus. A special contract was entered into, not by the parliamentary research office of the Liberal caucus, but by the Office of the Prime Minister. One of the people with whom the contract was entered into was Mr. Cadieux, who was told that he had to keep his work very quiet and very secret. I quote from the *Globe and Mail*:

> An official involved in Opwatch said the PMO was so concerned about keeping Mr. Cadieux's activities quiet that he was not even allowed to use the parliamentary library, where he would have had to register his name.

Can the Acting Leader of the Government explain why this project was entered into not by the comparable Liberal parliamentary office but, rather, by the Office of the Prime Minister? At the same time, can he tell us what the Prime Minister's Office is doing snooping into title searches for Mr. Mulroney's house in Montreal?

Senator Frith: Honourable senators, of course we will never know whether—

Senator Murray: I guess we won't.

Senator Frith: We will never know whether exactly the same activity was undertaken by the Progressive Conservative Party and by the people who are claiming there is something awry until we see what the results of it were. It is this simple: If the Grits do it, it is scandalous; if the Tories do it, then it is none of our business and it is not scandalous.

Hon. Senators: Hear, hear.

Senator Roblin: I wonder if my honourble friend would care to deal with the question of why it was considered necessary to search the titles of Mr. Mulroney's house in Montreal. What public purpose is served by that activity?

Senator Frith: Perhaps, when we see what was done by the Conservatives, we can also find out why it was necessary to obtain that information. The point is that we cannot obtain any admission that will say, "Here is the material; this is what we obtained; it is there; you can come to your own conclusions—the press, the people of Canada, or anyone else." We cannot obtain that information from the Conservatives, which is why it is very difficult to take their scandalized questions as very sincere, or even to take them seriously at all.

Senator Roblin: My honourable friend may have taken note of the fact that I did not lay any scandalous charges; others may have, but I have been careful to confine myself to an appreciation of the government's position that this is a public activity in the interests of the state—not in the interests of a political party.

It seems to me that there is a fundamental difference between the two types of information being gathered here. The information gathered by the Conservative political office or by the Liberal political office is for party purposes; we understand that and we say that that is part of the system. However, we are being told here and in the other place that the investigation by the Prime Minister's Office was not a political investigation, but was done in order to advance the public interest.

I ask my honourable friend: What was the purpose of the investigation by the Prime Minister's office? How does my friend reconcile the statement of the Deputy Prime Minister in the other place that this was in the interests of the public service of Canada and not of a political party? The Deputy Prime Minister did not allege that this was in the interests of the Liberal Party; he said it was in the interests of the state. That is the fundamental distinction between the two types of information gathering activities my honourable friend is referring to. I want him to tell us how the investigation of Mr. Mulroney's activities by the Prime Minister's Office is of service to the public of Canada.

Senator Frith: Honourable senators, I am not going to try to reconcile anything. I say very clearly that in my opinion—

Hon. Richard A. Donahoe: You cannot reconcile anything.

Senator Frith: Someone else can reconcile what I say with something else. I am saying that in my opinion the Prime Minister's Office has a clear political role, as does the Office of the Leader of the Opposition and as does the Office of the Leader of the New Democratic Party.

Senator Donahoe: That is the first admission we have had.

Senator Frith: It is not made up of public servants; it is made up of political advisers. Their role is one they exercised in this case. I assume the same role was exercised in the case of the Tory files that they do not want to share with respect to Prime Minister Trudeau. I am not suggesting for a moment that this was not the work of a political party, as was the work of the Conservative Party. I happen to be a person who thinks that partisan political activity is in the public interest. A great many people have had their heads blown off—have died for the possibility of having a country built on political parties.

The Prime Minister has recently returned from a place where you can live if you do not want partisan political activity—they have only one party there.

• (1450)

Senator Flynn: He enjoys it there.

Senator Frith: What the Prime Minister's Office did was legitimate activity by the leadership of a political party. I am sure that the activity the Conservative Party admits it has undertaken, insofar as the leadership of the Liberal Party is concerned since 1968, was equally legitimate. That is why the analogy is exact, and why it is still hard to understand why there is any sense of shock on the part of the opposition at what took place, when it was exactly the same sort of thing that they were also quite legitimately doing.

Senator Roblin: I will try once again. I will try once again to convince my honourable friend that there is a difference between party political activities by political parties, which is what the Conservatives have been doing and what the Liberals have been doing—

Senator Frith: No, no!

Senator Roblin: —and party political activity on the part of—

Senator Frith: This is in the Leader of the Opposition's Office.

Senator Roblin: So what?

Senator Frith: It is the same thing.

Senator Roblin: It is not the same thing. The Liberal Party has the same source of funds as the Leader of the Opposition's Office has, and they have their political role to fill. We are talking about an activity by the Prime Minister's Office that is represented to us as an activity in the public interest and not in a party's interest. That is why we say we need more information about it.

I want my honourable friend to re-examine this matter and to admit to himself that the operation in the Prime Minister's Office was allegedly in the public interest, and that we have a legitimate right to ask for the information we are seeking. What was the purpose of that activity that would justify its description as an activity in the public interest rather than a partisan one?

Senator Frith: Honourable senators, I will try once again. The activity was political activity by the political part of the Prime Minister's Office, just as the Conservative leader's activity was political activity.

Hon. Richard A. Donahoe: By a politician!

Senator Frith: Are we going to debate the question of whether the information obtained on Prime Minister Trudeau was in the public interest? I have said why it is in the public interest. Both of them are in the public interest because they are both absolutely legitimate political activity, and party politics is a part of our system, thank God.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, I have one final question for the Acting Leader of the Government on this matter. Can he explain to us why there is this thirst for knowledge about Brian Mulroney, when their information was so deficient in the case of Roger Simmons? Why could they not have employed all these industrious young men and women to look into Roger Simmons' background?

An Hon. Senator: Cheap! Cheap!

Senator Frith: I hear the adjective "cheap", but, of course, I cannot associate myself with that. I choose to say that I will only give that kind of rhetorical answer to such a rhetorical question.

Some Hon. Senators: Oh, oh!

Senator Roblin: My honourable friend is dodging the issue as to whether the activities of the Prime Minister's Office, which are advertised to us in the other place as being in the public interest, are such that we should be entitled to be given the information we seek. Again, I ask him to do that. If he does not do that, the only conclusion to be drawn is that the purpose of the activity was not in the public interest. The purpose of the activity was to discredit the Leader of the Opposition. That is why it was being done.

Senator Frith: Unlike the material that you gathered about Mr. Trudeau.

An Hon. Senator: That information came from your people.

An Hon. Senator: Do it from party influence.

Senator Roblin: Parties can do what they like. Parties can do what they like.

Senator Frith: No, no.

Senator Flynn: I was there in 1968, but you were not.

Senator Roblin: The claim made in the other place is that it was in the public service of the country that this was being done. If it was not to discredit Mr. Mulroney, what was the purpose of the operation?

Senator Frith: Honourable senators, I have made it very clear: I do not care what was said in the other place.

Senator Flynn: I know that.

Senator Frith: I am responsible for answering questions here. I have not dodged the issue.

Senator Flynn: Not much!

Senator Frith: I have said that it was in the public interest because it was in the interests of partisan politics, which I consider worthwhile activity, and was as justified by the opposition as it is by the government party. That is clear and I am not dodging that issue. I am facing that issue. That is how it is, and what somebody said in the other place is their business.

Senator Roblin: There is at least one thing about my honourable friend that I admire and that is his frankness, because he has underlined what is an obvious characteristic of this present administration. They have quite forgotten how to distinguish between the public interest and their own political interest.

Some Hon. Senators: Hear, hear.

Senator Roblin: One can find this theme running through the activities of this government from stem to stern—how they have abused the public service as part of their political machine in so many different ways. If ever there was any evidence that it is time to reverse this process by putting some new people in charge, we have it now. I say to my honourable friend that he leaves me unsatisfied. He has not faced up to the problem that I put before him, and, therefore, I repeat my request for more information.

Senator Frith: There is a certain mutuality in that, because I find myself unsatisfied by the responses and the questions of the other side. I am tempted to use the allegory of the pot calling the kettle black, but since I do not think either are black—

Senator Flynn: Hah!

Senator Frith: In other words, I do not criticize the Conservatives for doing what they did, but I do criticize them for not being prepared to share it. I say that what both parties did was legitimate activity, and I will leave it at that.

Hon. Léopold Langlois: Let us revert to the business of the nation.

Senator Roblin: Does my honourable friend want to contribute to this discussion? What was it he said?

Senator Langlois: Let us revert to the business of the nation.

Senator Roblin: It is the business of the nation when the Prime Minister's Office is investigating the character, the personality and the background of the Leader of the Opposition. If that is not the business of the nation, I do not know what is. This is another example of the insensitivity of my friends on the other side. I do not say that not all parties do collect political information about their opponents. Of course they do. No question about that.

Some Hon. Senators: Oh, oh!

Senator Roblin: It is a question of who does the asking and who does the collecting. When you have the Prime Minister's Office saying it is in the public interest that they should be investigating the Leader of the Opposition—and not just his public affairs, because I do not see how the mortgage on his house in Westmount could be considered part of the public domain and interest, for that is a personal matter; at least I am sufficiently old fashioned enough to think that it is—it seems to me that the position of the government is well exposed, and I am quite willing to leave the arbitrament of this issue to the electorate the next time we get a chance.

Senator Frith: I want it to be clear that I understand with Senator Roblin that this is all public interest. I underline the fact that what the Tories have been doing and what the Liberals are doing are proper parts of political activity.

Senator Flynn: Broken activity!

Senator Frith: We do not know if there is any mortgage material or anything of that kind in the Conservatives' files, because they won't let us see it. That is their privilege. I agree with them that it is a matter of public interest for exactly the reasons I mentioned. I do not wish Senator Roblin or anyone else to think that it was improper of him to raise it, because the fact is that both parties have been engaged in legitimate political activity and that, in my view, is always in the interest of the public.

Senator Roblin: I thank my honourable friend for his kind permission to raise the topic, because I assure him that I am not the only one who is interested in it.

[Senator Roblin.]

Senator Frith: I did not give you permission to raise it. I said that I did not criticize you for doing it.

Senator Roblin: Well, that is very generous of you. I appreciate that kind sentiment.

Senator Frith: It is just a fact.

Senator Roblin: Oh, it is just a fact. That is very good. I wish there were a few more facts from my honourable friend. My problem is that he does not give me the facts.

Senator Frith: Neither do you.

Senator Roblin: He deals with the whole issue, dodges it very cleverly and very effectively, but does not give us the facts.

Senator Frith: We will see, when we read the transcript, who is the more artful of the dodgers.

Hon. Nathan Nurgitz: Now you win.

Senator Roblin: Hands down. I concede.

Senator Frith: We are giving matching awards on this side.

Hon. Philip Deane Gigantes: Honourable senators, for the following reasons I should like to ask the Acting Leader of the Government to persist in his questions and not to give up on this: When I was director of communications of the Liberal Party, a colleague of mine from journalistic days was occupying a similar position with the Conservative Party. As old friends do, we used to meet and have a drink and say to one another that some of the ammunition we threw at one another was akin to people in the nineteenth century being shocked at seeing the ankle of a lady. I suggest that that is a little of what we do here, because it is fairly similar from one side to the other. I remember his telling me quite clearly that what he had in his files on Mr. Trudeau was pretty sick stuff which he, himself, would never have used but which people in his party wanted to use and kept sending in. He said that it was the sort of thing that he would be ashamed to show.

• (1500)

I am asking the Deputy Leader of the Government to keep insisting on this so that the shame of what is in those files should come out.

Hon. Daniel Riley: Honourable senators, I should like to suggest to the Deputy Leader of the Opposition that he revert to his first supplementary question, in which he posed a challenge, as Deputy Leader of the Opposition, to the Acting Leader of the Government. In that challenge he proposed that they have an exchange or make some comparisons. I am going to suggest that, by way of stopping this exchange in mid-air, because it can go on all afternoon, we have a contest, and that we call it the "You Show Me Yours and I'll Show You Mine" contest. I think that would be a satisfactory way to resolve the whole matter.

Senator Roblin: Hear, hear!

VETERANS AFFAIRS

DECEASED VETERANS—WIDOWS' PENSIONS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government having to do with the budget proposals and an action plan for pension reform.

An Hon. Senator: Hear, hear.

Senator Marshall: Although there are many items proposed in the budget, I wonder why there still exists such an anomaly with respect to the veterans legislation having to do with widows' allowances. There is, at present, great variation and discrimination as between different classes of disability pensions. By way of example, a married veteran who is receiving the 50 per cent disability pension receives some $678 per month. When that veteran dies, his wife receives an increase of $135, which is fair because it allows her to adjust to the changes in her lifestyle. On the other hand, a married veteran who is receiving the 100 per cent disability pension receives $1,378 per month. Upon his death, his widow loses $500 of that pension.

Honourable senators, I raised this question on January 31 and on numerous occasions before that. I am surprised to note that there are no proposals to amend the veterans' legislation to allow these pensions to be handled on a more equitable basis. I wonder whether the deputy leader would urge the Minister of Veterans Affairs not only to answer the question I posed on January 31 but to give us a statement as to why, at this late stage in the lives of veterans, this anomaly is not being corrected.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I shall try to get an answer to the question that was put earlier. I remember its being asked. I shall also urge that attention be given to the last point raised by Senator Marshall.

I want to add that in "Budget in brief" it is noted that:

> Extensive consultations have now become a permanent feature of budget making in Canada and a number of major proposals have benefited considerably from the expertise and knowledge that was brought to bear on them in consultation and comment.
>
> This budget continues the move to a more open and consultative process.

I remember that in the other place the Minister of Finance said that he wanted input from Canadians on particular aspects of the budget and on the ways in which such measures could be improved. I shall certainly pass on the request of Senator Marshall in the context of the minister's invitation to receive that kind of input.

Senator Marshall: In "Budget in brief" it is suggested that about a dozen areas be examined because of the possible need for change. Reference is made to the Canada Pension Plan, for example, which is to be strengthened to improve benefits to women.

Senator Frith: Are you referring to page 9 of "Budget in brief"?

Senator Marshall: This appears at page 10. I can go back to page 9, where it states that measures will be taken "to ensure that elderly Canadians receive pensions that are sufficient to allow them to live in comfort and dignity." That is fine, but it seems to me that various groups who are supposed to be representing the status of women are forgetting the very people they are supporting. It appears as though none of those groups even knows about this situation. I am sure that the Minister of Veterans Affairs is aware of it, because I have discussed it with him.

Honourable senators, the World War I veterans are now 83 or 84 years of age. They do not have much longer. In some cases, their wives will be losing up to $500 a month, and they cannot adjust to the shock and the drastic changes to their lifestyles. It is imperative that something be done about this. If we in the Senate could take any action in this regard, we would be doing a great service for Canadians.

NATIONAL REVENUE

TAX EVASION—PUBLICATION OF LIST—TASK FORCE

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Deputy Leader of the Government. On February 7 he responded to a question I had raised with respect to the publication of the names of innocent people who had undergone criminal prosecutions on charges of tax evasion under the Income Tax Act. He indicated that there is a special task force within the department's information division which will review such procedures.

Could the deputy leader ascertain for us when this task force is to commence its work? More specifically, could he find out when it is to conclude its work and make a report? I am also interested in knowing whether the findings of the task force will be made public.

I have another question that I trust is proper and it has to do with the composition of the task force. I am not so much interested in knowing the names of those on the task force as in knowing the professional backgrounds of those people. Is anyone with some legal background involved in the task force? I ask this question because, frankly, we are here involved in the question of mixing the innocent with the guilty. Someone with legal background or some knowledge of how our court and judicial system works should, in my view, have some input into such a task force.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I think that the question is quite reasonable and I shall try to obtain that information. It might be out of line for me to say this, but since Senator Nurgitz and I share an interest in this question, might I suggest that we ask whether we can be assured that they are going to look at this particular problem—we do not really have that precise assurance—after which we could inquire about the expertise they have to do so?

DISARMAMENT

PRIME MINISTER'S INITIATIVE

Hon. Peter Bosa: Honourable senators, I have a question for the Deputy Leader of the Government. The Prime Minister has just returned from Moscow, where he attended the funeral of General Secretary Andropov. I understand from reports in the media that he also had a meeting with General Secretary Chernenko. I wonder whether the deputy leader has any news concerning the latest effort on the part of the Prime Minister to promote a dialogue on disarmament.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer in response to a question on the same subject put by Senator Asselin on February 14. Perhaps I can furnish that information now, by way of reply to Senator Bosa's question, because it does relate directly to the subject.

At their meeting in Moscow on February 15, the Prime Minister and Soviet General Secretary Chernenko primarily discussed east-west relations and the Prime Minister's initiative. The Prime Minister elaborated on some of the basic elements of his initiative and stressed the "window of opportunity" which would present itself over the next few months to take positive steps to improve east-west relations on several fronts. General Secretary Chernenko described the Prime Minister's initiative as useful and practical and encouraged its continuation. He spoke of the importance of political dialogue and détente.

The Prime Minister has said that this meeting with Chernenko—and this is directly related to Senator Asselin's question—"completes one cycle" of the initiative.

FOREIGN AFFAIRS

LEBANON—PROPOSED MULTINATIONAL PEACEKEEPING FORCE—POSSIBILITY OF CANADIAN PARTICIPATION

Hon. Heath Macquarrie: Honourable senators, I have a question for the Acting Leader of the Government. I notice that he was heavily briefed for Senator Roblin's first question but was less so for subsequent questions. In this case, since it is in the realm of External Affairs, he may be thrice briefed because we are one of the countries in the world that has three foreign ministers.

Could the deputy leader tell us whether he has any information about the suggestion by France that a United Nations force may conceivably be introduced into the very grave Lebanese situation? What is the attitude of the Canadian government towards participation in any such force? He might also tell us whether the Prime Minister, in his discussions in Moscow, elicited from that member of the Security Council whether it supports the French initiative.

● (1510)

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I had anticipated Senator Macquarrie's interest in these matters. I do have a briefing on the subject, which is in French, so perhaps the senator would switch to the translation. My information is as follows:

[Senator Frith.]

[*Translation*]

> The Canadian government is aware of the fact that UN Security Council member nations are now discussing the possibility of replacing the multinational contingent by a UN force. However, Canada has not been approached about participating in that force.
>
> If it were approached, Canada—mindful of the difficult local conditions—would be prepared to consider the possibility of joining a peacekeeping force in Lebanon if it were likely to make a worthwhile contribution to national stabilization and reconciliation in Lebanon, although such aims depend upon the Lebanese themselves and the other parties involved.
>
> Still, a number of conditions should be met, including the most important, as follows:
>
> (a) the proposed force ought to be sponsored by the UN—neutral and impartial—and hold a clear and adequate mandate so as to be able to meet the duties assigned to it;
>
> (b) all parties involved should accept the deployment of that force and of its participants;
>
> (c) the parties involved should agree to maintain the cease-fire, and there should be serious and reasonable hope for reconciliation among the various factions after the force has been deployed;
>
> (d) UN member nations as a whole should guarantee the financing of such a force rather than rely on voluntary contributions.
>
> Such a force does appear hypothetical, however, until such time as the positions of the parties involved and the situation in the field are clarified, and until UN Security Council member nations agree in principle on the establishment of a UN force.

[*English*]

LEBANON—CURRENT SITUATION

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a general situation report on Lebanon as of 11 o'clock today, which reads as follows:

> As opposition factions continue to press their military advantage, President Gemayel is reported to have accepted a Saudi peace plan which includes abrogation of the May 17 agreement.
>
> Druze militia consolidated their victory over the Lebanese Armed Forces south of Beirut by occupying on Wednesday Damour and the former Phalange headquarters at Meshref in the southern Shouf mountains. The LAF's 4th Brigade, heretofore considered the Army's crack unit, is now completely surrounded by hostile militia south of Damour. Hundreds of disarmed LAF soldiers have fled southward to Israeli-held territory south of the Awali River. However, the last LAF stronghold in

the Shouf mountains, Souk-el-Gharb, withstood a Druze attack Wednesday.

The Israeli Defense Forces are patrolling as usual the coastal road north of Sidon. Israeli and other sources report Palestinians of Abu Moussa's dissident Fatah group participated in the Druze-led attack on LAF troops yesterday. Israeli Defense Minister Arens said yesterday Israel now has no choice but to remain in southern Lebanon to ensure the security of Israel's north. In the last two days, an estimated 14,000 mostly Christian refugees have fled south towards Sidon.

Wednesday's Druze advances give Gemayel's opposition control of all of West Beirut and its southern suburbs, and a wide corridor extending east through the Shouf mountains to Aley and beyond to the Syrian-controlled Bekaa valley. As well, the US-MNF contingent at Beirut's International Airport is surrounded by opposition militias—only access to the sea remains open. No U.S. artillery or air support has been used in support of LAF troops for 24 hours.

An expectant calm prevails in Beirut, with only sporadic firing across the Green Line. The Druze and Shi'ite Amal militias indicated Wednesday their intention to establish a joint military command to administer areas of Beirut under their control. West Beirut TV, silent for 10 days and now controlled by Moslem militias, began broadcasting Thursday, pledging to present all views but excluding attacks on government institutions including the Presidency.

President Gemayel may announce tonight his "historic decision," widely believed to be his willingness to abrogate the May 17 agreement. Abrogation of the accord with Israel is one item of an eight-point peace plan proposed by the Saudis which Gemayel has apparently accepted. The plan also includes replacement of the MNF by UN troops, and withdrawal of Syrian and Israeli forces. The Saudi mediator and MFA, Prince al-Faisal, is to seek Syrian President Assad's agreement Thursday in Damascus.

Despite U.S.A. Secretary of State Shultz' strong verbal support for the May 17 pact on Wednesday, other Administration spokesmen suggest U.S. support for Gemayel would not be affected if he abrogates the pact. Israel's position is adamant: If the pact is abrogated, Israel would reserve its right to take unilateral action in southern Lebanon.

At the UN, the French proposal to replace MNF troops with UN forces is unlikely to win Security Council support.

Ambassador Jackson reports Canadian embassy staff are safe and that there have been no reported incidents involving Canadian citizens.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session—(*Honourable Senator Cottreau*).

Hon. Ernest G. Cottreau: Honourable senators, with leave I should like to yield to Senator Bielish.

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

Hon. Senators: Agreed.

Hon. Martha P. Bielish: Honourable senators, I should first like to say how happy I am to see Senator Flynn, our leader, in the chamber today. He added a nice touch but I hope that he does not immediately start to work too hard. Yesterday I also saw Senator Olson, and he looked very well. I wish both senators good care and a speedy recovery to good health.

• (1520)

Hon. Senators: Hear, hear.

Senator Bielish: I should like to extend congratulations and a welcome to the newly appointed senators. I trust that we shall all work together for the betterment of our beloved country.

To Senator Bosa, I extend my warmest congratulations on his speech on the motion for an Address in reply to the Speech from the Throne. His many interests and achievements, and his dedication to the ethnic and regional diversities in this country and to multiculturalism, are recognized and appreciated.

I could easily identify with Senator Hébert, who explained that he had never been a member of Parliament, a cabinet minister or even a premier. With all due respect to those honourable senators who may fall into the foregoing category, Senator Hébert demonstrated an insight into a wide range of topics, including youth, volunteerism, concern for developing countries, and world peace. I congratulate him on his thoughtful presentation and look forward with interest to his further contributions.

Hon. Senators: Hear, hear.

Senator Bielish: I come now to the Speech from the Throne. I approached it as a representative of my region, the West, Alberta and Lakeland, and as a Canadian. The Speech contained five main goals: helping those who need help most; energy security at a fair price; promoting economic development; strengthening national institutions and contributing to national unity; and pursuing a vigorous foreign policy. Those are all noble objectives. No one could object to any of them.

Also contained in the Speech from the Throne are long accounts of achievements and more lists of promises. At that point I asked myself, "Is no one in this government going to face reality?"

The debate commenced almost at the time of delivery of the Speech, and included politicians, the news media and citizens and others across this country.

In a special to *Grainews*, dated December 1983, Charles Lynch, in an article entitled "Throne speech mostly fiction", says:

> In this age of egomania, we all try to make ourselves look good, but Pierre Trudeau has gone too far in claiming greatness for his Long Parliament.

Later he says:

> The speech spoke of the magnitude of his impact, the boldness of his initiatives, which had transformed the nation. For the better, the man means.
>
> We must have been covering a different parliament and a different government in the last four years.
>
> The one I've been watching featured the weakest of Trudeau's four cabinets, and the most chaotic scenes ever witnessed on the floor of the House of Commons.
>
> The economy was and is in tatters, unemployment lingers at record highs and the deficit remains beyond measure.
>
> The West was estranged, and the rest of the country bewildered.

Further on he says:

> The speech boasts that the government has held the line on payroll and other expenditures, yet this is the same government that ballooned the business of big government and saddled the country with the most unmanageable deficits in history, with no hope of relief for the public treasury or those who have to manage it in future.
>
> Trudeau keeps boasting that, at the start of his fourth and final mandate, he raised the Guaranteed Income Supplement to the Old Age Security Pension by $35 per month per household, "thereby improving the standard of living of 1.3 million pensioners".

As a homemaker, who has often had to go to the marketplace, I know how much the sum of $35 can purchase, in terms of today's dollar value, and it is not for one person only but per household.

Coming closer to home, let us look at what has happened to western farmers over the past few years, and what is ahead in light of the legislation forced upon them in recent times. Farmers faced input cost increases of from 300 per cent to 400 per cent over a period of 10 years. Commodity prices available to farmers have fallen to a level equivalent to 1972-73. Fuel costs doubled in two and a half years. Prairie farm incomes declined 29 per cent in 1982. Farmers have faced a 400 per cent to 500 per cent increase in interest rates. In the past 10 years, when we compare ourselves to the country south of the border and with other countries, we find that the average subsidy received by American wheat farmers was $11.41 per tonne, compared to $19.96 in the European Economic Community and $6.35 in Canada.

[Senator Bielish.]

In the 1982-83 crop year the federal subsidy to Canadian wheat farmers amounted to 37 cents per bushel, compared to $1.12 in the U.S.A. The safety net, as established by Bill C-155 to protect farmers in the event that prices were to fall drastically, is far too high ever to be triggered.

I refer honourable senators to an article by Barry Wilson which appeared in the *Western Producer* on January 26 last. The heading is "488 go bankrupt, others sink quietly". He writes:

> A post-Depression record number of farmers went bankrupt last year . . .
>
> The consumer and corporate affairs department reports that in 1983, 488 Canadian farmers declared bankruptcy, a 19 percent increase over the 1982 level.
>
> On the Prairies, bankruptcies jumped 97 percent above 1982 levels to 154.
>
> Hardest hit was Manitoba with 62 bankruptcies . . . followed by Alberta with 47 . . . and Saskatchewan with 45 . . .
>
> In British Columbia, bankruptcies numbered 26. There were five the year before.

Further on he writes:

> A spokesman for the Canadian Federation of Agriculture predicts that farm bankruptcy numbers will continue to be high this year, particularly on the Prairies.

And that is the region of Canada that I am speaking of.

• (1530)

On the subject of the National Energy Program, one really does not know where to start. I think every member of this chamber knows that Alberta has been devastated by the National Energy Program. The *Financial Post* editorial of July 23, 1983 argued that most if not all PIP-funded frontier drilling would have been considered uneconomical for Canadian companies without government support. Between January 1, 1981 and March 31, 1983, $1.4 billion in PIP grants was given to the petroleum industry. In reply to a question as to whether Husky Oil—which already has spent $1 billion, $800 million of which was supplied by Ottawa—would have been active in the frontiers without PIP, President Robert Blair said:

> The answer is no. Husky would not have had the cash flow from other activities in western Canada. We were encouraged, stimulated and facilitated by the grants.

And so it goes.

According to the *Globe and Mail* of June 25, 1983, $30 million is being spent to convert BP to Petro-Canada stations. Canadian ownership of the petroleum industry stood at 18.7 per cent in 1980. It reached 25.9 per cent in 1981, and 26.2 per cent in 1982. However, the *Financial Times* editorial of August 1, 1983 noted that the companies making up the 26.2 per cent are wallowing in debt, losing money, paying huge interest charges and dipping into retained earnings to pay dividends.

One could go on and on. I shall make it shorter by simply referring to the *Alberta Report* of February 13, 1984. In the Resources section of that magazine, there is an article headed "Ottawa's self-sufficiency pipedream—PIP grants won't make it happen, two federal studies show," which reads as follows:

> A major objective of Ottawa's National Energy Program, unveiled in October 1980, was the achievement of oil self-sufficiency in Canada by 1990. At the time it seemed a reasonable goal. The mammoth multi-billion-dollar Alsands and Cold Lake tar sands plants were being planned in northeast Alberta, while frontier production from the Beaufort Sea and East Coast looked promising. Moreover, oil prices were expected to continue rising much faster than inflation. However, a study prepared by the market analysis and statistics division of the federal Department of Energy, Mines and Resources has concluded that self-sufficiency by 1990 is little more than a pipedream. Equally gloomy is the so-called 'blue book' published by the Geological Survey of Canada, another division of the federal government. While the GSC report concludes that the frontier regions may contain substantial reserves, it foresees only a trickle of that oil reaching Canadian markets by the end of the decade.
>
> The EMR report, prepared last summer for internal departmental use only, is entitled *Long Term Energy Supply Demand Outlook Summer '83 Forecast*. It remained a confidential document until published late last month by the *Calgary Herald*. A senior Energy Department official maintains the study is part of an ongoing examination of crude oil supply and demand, and may already be out-dated. The document presents two world oil price scenarios, the first of which is considered more realistic. Prices likely will increase 2% faster than the annual rate of inflation from 1986 to 1990 and 1% per year until the year 2000. Less likely, says the department, are annual increases 3% above the inflation rate throughout the 14-year period.

So already the government's own reports are acknowledging the fact that their efforts and their actions are not living up to their expectations.

Further on in the same article on resources, there is a quote from Paul Gagnon, president of Joli Fou Petroleums, as follows:

> Before the NEP was brought down we would have had two heavy oil plants in Alberta.

The article then continues:

> The Alsands and Cold Lake plants would have turned out 250,000 b/d, but both collapsed in 1982.
>
> Indeed, Ottawa's Petroleum Incentive Program (PIP) grants, which were part of the NEP and pay up to 80% of frontier exploration costs, are siphoning funds that might be used to develop the Alberta oil sands. Calgary energy analyst Paul Ziff has produced a study showing exploration and development expenditures in the West had dropped $800 million to $1.9 billion by 1982 while frontier spending rose $507 million to $1.6 billion.

The article ends by again quoting Mr. Gagnon as saying:

> But you don't ignore heavy oil and tar sands deposits that you know are already there.

In other words, why spend money on exploration and deny aid to something that we already know is there? The chart attached to the article is also interesting and shows what has happened to that region of the west. Coming from that region as I do, I have to ask myself the question: Does anyone really care?

In welcoming the senators who have recently been appointed, I would like to draw the attention of this chamber to the fact that only two of them are women. Although this government subscribes to the doctrine of equality of status for women, I would point out that the current representation in the Senate does not reflect that doctrine because 52 per cent of the population of Canada is female. In the past, the excuse given for this imbalance was that not enough qualified women were available. The female senators who sat in this chamber in the past amply demonstrated their sufficiency of qualification, and it is clear that there are numerous persons in the professions and industry who are now sufficiently qualified to assume this role.

In order to make my point, I would like to draw the attention of honourable senators to a report entitled *As Things Stand*, produced by the Canadian Advisory Council on the Status of Women. I commend the council for the tremendous amount of work it has put into its research on its reports, both those they have undertaken themselves and those they have had commissioned. This report contains some very interesting facts presented very succinctly. The beginning of the report documents the beginnings of the advisory council. It reads:

• (1540)

> In many ways, we can date the beginning of the feminist movement in Canada by the establishment of the Royal Commission on the Status of Women on February 16, 1967. The Commission had a rather sweeping mandate, "to inquire into and report upon the status of women in Canada, and to recommend what steps might be taken by the federal government to ensure for women equal opportunites with men in all aspects of Canadian society . . . ." The Commission submitted its report, which represented the most exhaustive study of the position of women in Canada to date, on September 28, 1970, to the Governor General in Council.

I am sure that we are all aware that the chairman of that commission was the Honourable Florence Bird, who retired from the Senate about a year ago. The report goes on to say:

> The Royal Commission made 167 recommendations, of which the 166th recommended that a federal Status of Women Council be set up which would be directly responsible to Parliament and monitor annually the status of women, undertake research relevant to the status of women, establish programmes to correct attitudes and

> prejudices adversely affecting women, and propose legislation and policies in consultation with other government organizatons and voluntary groups.
>
> On May 31, 1973, the Canadian Advisory Council on the Status of Women was created.

And here I point out to honourable senators the distinction between the recommendations and the Council's mandate. The report continues:

> Its functions are: "a) to bring before government and the public matters of interest and concern to women; and b) to advise the Minister (Responsible for the Status of Women) on such matters relating to the status of women as the Minister may refer to the Council or as the Council may deem appropriate. To fulfil these functions, the Council may publish its findings and recommendations."

The difference between the recommendations and the Council's mandate is that it reports to the minister responsible for the status of women, not directly to Parliament.

The report goes on to give an evaluation of what has happened in this area over the past ten years, so it involves more than one Parliament. I should point out to Senator Marshall that pensions for elderly women put them in the classification of the poorest of the poor. The evaluation assesses the direction and importance of changes affecting the position of women through a system of pluses and minuses. Surprisingly, after 10 years there are 10 areas in which the council gives a zero rating because there has been absolutely no advancement in the situation at all. There are several areas that receive a plus because some little thing has happened. The area of sports received a plus. The only topic that received the maximum of three pluses in the evaluation is the Constitution. Although the Council appears happy about the Constitution, I do not know whether the relevant parts in it really mean all that much yet; so those three pluses will have to be monitored carefully. Child care received a zero. Unemployment for women received a zero. Occupational health and safety is still at zero. The categories of part time work and divorce support and custody received zeros, and on it goes.

If we really believe in equality for women and if the government really meant what it said in the Throne Speech about this being an area in which it can do more work—

Hon. Stanley Haidasz: We are getting there. We have just appointed a woman as Governor General, and she was the first woman to be Speaker of the House of Commons.

Senator Bielish: The honourable senator is quite right; there are some pluses in this area. The report recognizes that a woman has been appointed the Speaker of the House of Commons, two women have been appointed Speaker of the Senate, a woman has been appointed to the Supreme Court bench and one or two women have been appointed judges in the provincial courts.

Hon. Royce Frith (Acting Leader of the Government): And one of them is a chief justice.

Hon. Jack Marshall: The last lady speaker was the best we have had and she is sitting in the Chair now.

Senator Bielish: I acknowledge that. She is always here when she is needed.

Another area dealt with in the report is volunteerism, which received a zero. If somehow the work of volunteers of this nation could be summed up in hours of work and put in the GNP, it would be quite an eye opener and certainly worthy of consideration. I have been a volunteer myself and I know the amount of work volunteers put into the life-blood of Canada, often in areas where there is no one to do the work but the volunteer. Volunteers do not count their hours, ask for pay or even for reimbursement of their expenses. Somewhere along the way volunteerism must be recognized.

On motion of Senator Murray, debate adjourned.

The Senate adjourned until Tuesday, February 21, 1984, at 2 p.m.

THE SENATE

Tuesday, February 21, 1984

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

Prayers.

[*Translation*]

VISITORS IN GALLERY

MEMBERS OF FRENCH NATIONAL ASSEMBLY

The Hon. the Speaker: Honourable senators, I wish to draw the attention of the Senate to the presence in our Gallery of members of two Commissions of the French National Assembly, namely, the Commission of Foreign Affairs, headed by Mr. Robert Montdargent, Deputy for Val-d'Oise and Vice-Chairman of the Commission, and the Commission of National Defence and the Armed Forces, headed by Mr. Robert Aumont, Deputy for Aïsne and Vice-Chairman of the Commission.

I may add that these gentlemen are accompanied by the French Ambassador, Mr. Jean Béliard.

Hon. Senators: Hear, hear!

[*English*]

BRITISH COLUMBIA INDIAN CUT-OFF LANDS SETTLEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-18, to provide for the settlement of claims by Indian bands in British Columbia relating to certain lands cut off from their reserves.

Bill read first time.

[*Translation*]

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

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate, I move that this Bill be placed on the Orders of the Day for second reading later this day.

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, Bill C-18 is one that received some notice last week in this House. I gave an indication then, which I wish to repeat today, that we have no objection to proceeding with second reading of this bill this afternoon.

Motion agreed to.

[*Translation*]

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (JUAN ANDRADE AND EMILIA RODRIGUEZ)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-6, to provide an exemption from the public general law relating to marriage in the case of Juan Andrade and Emilia Rodriquez.

Bill read first time.

Senator Leblanc moved that this Bill be placed on the Orders of the Day for second reading on Thursday, February 23, 1984.

Motion agreed to.

MARRIAGE LAW EXEMPTION (HENRI PATRY AND ALDÉA BÉA PITT)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-7, to provide an exemption from the public general law relating to marriage in the case of Henri Patry and Aldéa Béa Pitt.

Bill read first time.

Senator Leblanc moved that this Bill be placed on the Orders of the Day for second reading on Thursday, February 23, 1984.

Motion agreed to.

OFFICIAL LANGUAGES

REPORT OF SPECIAL JOINT COMMITTEE EXPENSES TABLED

Hon. Lowell Murray, Joint Chairman of the Special Joint Committee of the Senate and the House of Commons on Official Lanugages, appointed in the First Session of the Thirty-Second Parliament for the purpose of studying the report of the Commissioner of Official Languages, reported, pursuant to Rule 84(4), the expenses incurred by the Committee during the First Session of the Thirty-Second Parliament.

(*For text of statement see today's* Minutes of the Proceedings of the Senate.)

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. John M. Godfrey, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, presented the following report:

Thursday, February 16, 1984

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its:

FIRST REPORT

Your Committee submits again to both Houses of Parliament the criteria it will use for the review and scrutiny of Statutory Instruments:

Whether any Regulation or other Statutory Instrument within the terms of reference, in the judgment of the Committee:

1. (a) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law; or

(b) does not clearly state therein the precise authority for the making of the Instrument;

2. has not complied with the provisions of the Statutory Instruments Act with respect to transmittal, recording, numbering or publication;

3. (a) has not complied with any tabling provision or other condition set forth in the enabling statute; or

(b) does not clearly state therein the time and manner of compliance with any such condition;

4. makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

5. trespasses unduly on the rights and liberties of the subject;

6. (a) tends directly or indirectly to exclude the jurisdiction of the Courts without explicit authorization therefor in the enabling statute; or

(b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

7. purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;

8. appears for any reason to infringe the rule of law or the rules of natural justice;

9. provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;

10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;

11. without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

12. imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;

13. is not in conformity with the Canadian Charter of Rights and Freedoms or with the Canadian Bill of Rights;

14. is unclear in its meaning or otherwise defective in its drafting;

15. for any other reason requires elucidation as to its form or purport.

Your Committee also reports that in relation to its permanent reference, section 26 of the Statutory Instruments Act, 1970-71-72, c. 38, the Committee was empowered during the Fourth Session of the Thirtieth Parliament, the First Session of the Thirty-First Parliament and the First Session of the Thirty-Second Parliament, "to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

(b) in the enactment of statutory instruments;

(c) in the use of executive regulation—including delegated powers and subordinate laws; and the manner in which Parliamentary control should be effected in respect of the same;

2. the role, functions and powers of the Standing Joint Committee on Regulations and other Statutory Instruments."

Your Committee was unable to complete its study and therefore recommends that the same Order of Reference together with the evidence adduced thereon during the last two Parliaments and the First Session of the Thirty-Second Parliament be again referred to it.

Your Committee recommends: That its quorum be fixed at four (4) members, provided that both Houses are represented whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to

hold meetings to receive and authorize the printing of evidence so long as three (3) members are present, provided that both Houses are represented;

That the Committee have power to engage the services of such expert staff, and such stenographic and clerical staff as may be required; and

Your Committee further recommends that it be empowered to sit during sittings and adjournments of the Senate.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

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

Senator Godfrey: Honourable senators, I move that the report be taken into consideration on Thursday next, February 23, 1984.

Motion agreed to.

SECOND REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the second report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see appendix p. 265.*)

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

Senator Godfrey: Honourable senators, I move that this report be taken into consideration on Thursday next, February 23.

Motion agreed to.

[*Translation*]

SENATE REFORM

REPORT OF SPECIAL JOINT COMMITTEE EXPENSES TABLED

Hon. Gildas Molgat, Joint Chairman of the Special Joint Committee on Senate Reform, appointed in the First Session of the Thirty-Second Parliament and authorized to consider ways by which the Senate of Canada could be reformed, and to incur expenses, reported, pursuant to 84(4), on the expenses incurred by the Committee during the First Session of the Thirty-Second Parliament.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

CANADA-TAIWAN PARLIAMENTARY FRIENDSHIP COMMITTEE

MEETING IN TAIWAN—NOTICE OF INQUIRY

Hon. Guy Charbonneau: Honourable senators, I wish to give notice that next Thursday, February 23, 1984, I will call the attention of the Senate to the meeting of the Canada-Taiwan Parliamentary Friendship Committee held in Taiwan from October 7 to October 14, 1983.

• (1410)

[*English*]

ECONOMIC REGIONAL DEVELOPMENT

NEWFOUNDLAND—FEDERAL-PROVINCIAL AGREEMENT—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, February 23, 1984, I will move:

That a humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, meetings, telegrams, et cetera, between the Government of Canada and the Government of Newfoundland with respect to an Economic Regional Development Agreement, and any subsidiary agreements, including priorities and the amount of each.

FOREIGN AFFAIRS

ST. PIERRE AND MIQUELON—FISHING AND OIL EXPLORATION RIGHTS—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, February 23, 1984, I will move:

That a humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all papers between the Government of Canada and the Government of France with respect to the negotiations on fishing and oil exploration rights as they relate to St. Pierre and Miquelon.

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE—PROPOSED EXAMINATION OF EFFECTS OF OIL EXPLORATION ON FISHING INDUSTRY—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, February 23, 1984, I will move:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the effects of oil exploration on the fishing industry in Atlantic Canada.

STANDING SENATE COMMITTEE—PROPOSED EXAMINATION OF ONGOING EFFECTS OF RESTRUCTURING OF FISHING INDUSTRY—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, February 23, 1984, I will move:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the ongoing effects of the restructuring of the fishing industry in Atlantic Canada.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Thursday next, February 23, 1984, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

CANADIAN UNIVERSITIES SERVICE OVERSEAS—FINANCING

Hon. Martial Asselin: Honourable senators, my question is directed to the Acting Leader of the Government and has to do with the non-governmental organization called CUSO, the Canadian Universities Service Overseas. This NGO receives funds from the Canadian International Development Agency to carry out certain humanitarian projects in Third World countries.

When I was responsible for CIDA—the Canadian International Development Agency—I believe that over $500,000 was spent every year to provide CUSO and its organization with the funds required to carry out projects of interest to the communities where it was operating.

It has been learned that, as of April 1—and for more or less unknown reasons—a new policy may be implemented with respect to grants awarded to non-governmental organizations. Apparently, the Department of External Affairs has decided to drop the organization known as CUSO. Grants will no longer be available, with the result that 500 young Canadians now working on projects in various Third World nations of Africa and Asia will be recalled.

Since it is an extremely important issue and since a debate has already been launched among the Canadian public as to whether we ought to continue to support that organization, I think it would be very interesting to know just what the government intends to do about the non-governmental organization called CUSO.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I will seek information and get an answer. As you know, a new director will be responsible for the activities of NGOs, as they are called. In any event, I will do my best to obtain the information before the next sitting of the Senate.

Senator Asselin: Since this is an urgent problem and, as usual, the government might take quite some time before giving us the information needed to complete our files and eventually take part in debates in the Senate or in the other place, would it not be better if the government were to ask the Secretary of State for External Affairs and the Canadian International Development Agency President to appear before our Committee on Foreign Affairs with a view to explaining to us the new CIDA policies concerning non-governmental organizations?

Should the president be unable to appear, perhaps the minister might make a statement within the next few weeks so that we might know just where the Canadian government stands on the future development of NGOs in Canada.

Senator Frith: First of all, honourable senators, I reject the words "as usual" concerning the time I have taken to obtain answers. I believe that in every instance until now—

Senator Asselin: It took a whole year before I got answers to some of the questions I had asked.

Senator Frith: In any case, I reject the words "as usual".

As to the policy, of course I will add to my request for information the comments contained in the supplementary question of Senator Asselin.

If it is a new policy or something of that nature, I am prepared as well to suggest that someone appear before the Committee on Foreign Affairs or make a ministerial statement to explain the new policy, should that be the case.

[*English*]

THE BUDGET

INTEREST ON NATIONAL DEBT

● (1420)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a couple of questions for the Acting Leader of the Government arising from the budget delivered last week.

In the budget paper, the government disclosed the interest burden it expected to pay on the national debt up until 1988; but in the calculation of such a figure one necessarily has to make some assumptions about the rate of interest. I did not find any statement in the budget of the government's forecast for the rate of interest over the period.

My question is: Will the Acting Leader of the Government be kind enough to furnish the house with the government's estimates of the rates of interest it calculates for the next few years upon which its debt service charge figure was based?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I gave notice last week of an inquiry relating to the budget. I plan to speak to that inquiry either today or on Thursday. It will probably be on Thursday. I will

try to have the information available for the honourable senator then.

Senator Roblin: That would be very helpful.

MORTGAGE RATE PROTECTION PLAN

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a couple of other points that my honourable friend might include in his speech.

Hon. Jacques Flynn (Leader of the Opposition): To give it some substance.

Senator Roblin: If the Acting Leader of the Government answers my questions correctly, there will be some substance so far as I am concerned. My question relates to the mortgage rate protection plan, which is based on a charge of 1.5 per cent on the total of the mortgage to be paid by the person who is being protected. It swings into action after a threshold of 2 per cent has been reached. My question has to do with the rate of interest the government has in mind. Does the government expect the mortgage rate protection plan to be self-supporting—in other words, paid for by the 1.5 per cent that the mortgagees will contribute, and so on; or is it expected that, based on the interest rates to which I have referred, there will be an element of subsidy as time goes by? What is the policy with respect to that? I do not expect my honourable friend to have the answer immediately, but perhaps he could provide one on Thursday.

Scattered throughout the budget is a series of tax changes, either suggested or actual—mostly suggested, because some of them reduce taxation—having to do with items such as small business taxation, the registered retirement savings plan, personal tax changes, the elimination of the $200 tax credit, the elimination of the $100 donation allowance, and other matters, all of which bear on the revenues of provinces—at least, of most provinces, because all but one have a taxation agreement with the federal government with respect to personal taxation, and all but two, I believe, with respect to corporate taxation.

My question is: What effect will these various changes have on the revenue position of the provinces, whose taxation systems are so closely linked with that of the federal government? Perhaps that question could also be dealt with on Thursday.

CANADA PENSION PLAN

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a further question. Some rather extensive changes in the Canada Pension Plan were proposed in the budget. The Canada Pension Plan is paid for by the nation's workers. Therefore, if any changes are to be made in that plan, they are the people who are going to pay. So far as the workers are concerned, this represents almost a wage tax, although I would not describe it as such myself. What changes in the levy for the Canada Pension Plan will result if the government's proposals are carried into effect? They have to do not only with the nature of the coverage but also with the amount of money on which the pension plan is based. They can become extremely important to wage earners, and I therefore ask my honourable friend if he could provide that information on Thursday to enable us to have a rational discussion of some of these ideas that were floated—if, indeed, they ever left dry dock—by the Minister of Finance last week.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, yes. But let me make it clear that I undertook to try to have the information for Thursday and will try to include it in my speech on the inquiry. I cannot guarantee that I will be able to do so, but I will certainly try to get the information and provide it as part of my speech. If not, I will furnish it, when it becomes available, under delayed answers.

YOUTH AND OPPORTUNITY FUND

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have an easy question for the Acting Leader of the Government. It has to do with the Youth and Opportunity Fund. It has been in existence for some time, so it is nothing new. The purpose of that fund is to assist young people to acquire new skills and to find jobs. Would the acting leader give us a report on what has happened under that fund? What are the new skills and what do the statistics show with respect to these new skills? The trick in this business is to educate people for the jobs that are available. I would like to know what new skills were provided, for how many young people, and, as a result, how many of them found jobs.

Hon. Royce Frith (Acting Leader of the Government): I would be glad to try to do that.

[*Translation*]

VISITORS IN GALLERY

BALTIC HONORARY CONSULS

The Hon. the Speaker: Honourable senators, if I may interrupt, at the request of Senators Bélisle and Yuzyk I would like to draw the attention of the Senate to the presence in our gallery of Dr. Jonas Zmuidzinas, Honorary Consul General of Lithuania, Mr. Ilmar Heinsoo, Honorary General Consul of Estonia, and Dr. Edward Upenieks, Honorary Consul of Latvia.

Hon. Senators: Hear, hear!

[*English*]

VETERANS AFFAIRS

GUARANTEED INCOME SUPPLEMENT—EFFECT OF INCREASE ON WAR VETERANS ALLOWANCE

Hon. Jack Marshall: Honourable senators, my question has to do with the recent increase of $50 in the GIS. What effect will it have on veterans receiving the War Veterans Allowance after they reach the age of 65? For those who qualify, will this increase in the GIS be deducted from the War Veterans Allowance or will they get the full advantage of it?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, the Department of Veterans Affairs

comes under the administration of Senator Austin so, on his behalf, I will undertake to try to get an answer.

[*Translation*]

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—PROVINCIAL AGREEMENT

Hon. Arthur Tremblay: Honourable senators, my question is directed to the Acting Leader of the Government and is related to the federal-provincial conference which, unless I am mistaken, will be held on March 7 and 8 to examine issues relating to native rights. My question is as follows: As honourable senators will recall, we adopted in this Chamber a resolution to authorize or permit an amendment to the Constitution Act, 1982 that would allow further constitutional conferences to be held on the same subject. What is the situation regarding similar resolutions that are required under the Constitution Act of legislative assemblies across Canada, to have this amendment adopted? Have all resolutions been adopted? When? Have any provinces abstained? Have any refused to adopt the resolution required to ratify the constitutional amendment?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, if I am not mistaken, Indian and Inuit rights are officially the responsibility of Senator Austin. It is a subject that interests him and for which he has some responsibility. I would therefore refer this question to Senator Austin, so that he can provide the information requested as soon as it is available.

[*English*]

Hon. Jacques Flynn (Leader of the Opposition): What is your reply?

Hon. Martial Asselin: Do you have a reply?

Hon. Duff Roblin (Deputy Leader of the Opposition): What are you going to do?

Hon. Jack Austin (Minister of State for Social Development): If Senator Tremblay has a specific question—

Senator Flynn: It was specific.

Senator Austin: —I shall be glad to reply. I shall review his question and answer it at another time.

Senator Tremblay: Honourable senators, not knowing that Senator Austin was in charge—

Senator Flynn: He is in charge of everything.

Senator Tremblay: —I shall repeat my question. It is very simple. As we all know, to amend the Constitution in order to provide for other constitutional conferences with respect to the question of aboriginal rights, their definition and other related questions, we need resolutions from the Commons and from the Senate, as well as from seven provinces representing 50 per cent of the population.

● (1430)

My question is this: Where do we stand at this time, some two weeks before the federal-provincial conference to be held on March 7 or 8, in terms of the resolutions which are supposed to come from the provincial legislatures? We know that the Commons adopted the resolution; we adopted the resolution two or three weeks before the termination of the last session of Parliament. Where are we in terms of the resolutions required from the provinces? How many provinces have adopted the resolution and how many have abstained? How many have refused to adopt the resolution? Those are my very specific, concrete questions.

Senator Austin: Thank you very much, Senator Tremblay. I shall make inquiries and shall reply as soon as possible.

I might say it would facilitate a quicker reply if you would provide me with notice ahead of time for a question which requires an accurate and researched answer.

Hon. Jacques Flynn (Leader of the Opposition): No, certainly not. It is a very simple question; you should know that.

FOREIGN AFFAIRS

LEBANON—PROPOSED MULTINATIONAL PEACEKEEPING FORCE—POSSIBILITY OF CANADIAN PARTICIPATION

Hon. Heath Macquarrie: Honourable senators, I have a question for the Acting Leader of the Government. It has reference to the situation in Lebanon and it adverts to his reply of Thursday, which I listened to with great care at the time and which I have read with even greater care since. As I read the four parts of the answer I was reminded of a former minister and former senator, the Honourable Paul Martin, and I wondered if one of his speech writers was around at the time this answer was composed.

Since we are in a situation of grave peril and tremendous danger with Lebanon perhaps collapsing before our eyes, could the deputy leader inform the Senate if, in fact, the Canadian government is amenable to the suggestion that some useful purpose would be served by a U.N. presence and if our support of that suggestion would be likely sustained by our participation?

The question I asked the other day is still of interest to me: What about the discussions with the Soviet Union? Has the Canadian Prime Minister, in his splendid pursuit of peace, elicited from the Soviets their acquiescence to the establishment of a United Nations force in Lebanon? It would be helpful at this crucial time if the honourable senator could divulge to us the thinking of the government.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, unless something occurred in the translation of the answer, I thought it was quite clear. The government is definitely openminded with respect to the idea of a U.N. force; and is equally openminded about Canadian participation in such a force, subject to the conditions I listed in the previous answer.

I do not think the suggestion was included that an additional condition should require the support of such a plan by the Soviet Union. I agree that it is a good thought advanced by Senator Macquarrie. In terms of government policy I cannot

say whether or not it should be a condition. However, I understand why Senator Macquarrie raised this issue, since I am sure Soviet Union support would help the effectiveness of such a force. Therefore, I will ask if anything was obtained during the Prime Minister's peace initiative—described by Senator Macquarrie as "splendid", which adjective I am pleased to associate myself with.

LEBANON—CURRENT SITUATION

Hon. Royce Frith (Acting Leader of the Government): I have a short statement on the current situation in Lebanon, as of 11 a.m. today. This is perhaps a good time to bring honourable senators up to date on that situation.

As Saudi mediation efforts between Beirut and Damascus continue, the military situation in Lebanon is unchanged, with the exception of stepped-up Israeli activity.

For the second time in 48 hours, Israel conducted air raids Tuesday at mid-morning against targets south of the Beirut-Damascus highway near Bamdoun, a Druze-controlled area with some Palestinian positions. Israeli military sources claimed four buildings serving as terrorist bases were destroyed; no Israeli planes were downed. Israeli forces have also moved to within 12 miles of Beirut, the furthest north since the IDF withdrew to the Awali River in September 1983. The operation was described as a search for Palestinian guerrillas. In recent days Israel has repeatedly warned Druze and Shia militias not to permit PLO infiltration into southern Lebanon.

In Beirut, sporadic fighting continued overnight along the Green Line. Artillery exchanges continue between the Lebanese armed forces outpost at the strategic town of Souk-el-Gharb and Druze positions. Redeployment of U.S. marines began at noon local time, and is likely to take at least a week.

Saudi Arabian negotiators are meeting in Damascus today with Syrian FM Khaddam, having informed President Gemayel last evening of Syria's conditions for a settlement—and I emphasize that these are Syria's conditions. These reportedly include: unconditional abrogation of the May 17 accord; refusal to link the pull-out of Israeli forces with a Syrian withdrawal; referral of the question of the Syrian military presence to the Arab League; and creation of a new government of national unity—

Hon. Martial Asselin: That's a dream.

Senator Frith: I am expressing Syria's dreams, not my own.

Syria objected to the earlier Saudi plan's provision for security arrangements for Israel in south Lebanon—which Syria considered no different from the May 17 accord—and the plan's call for simultaneous Syrian and Israeli withdrawals.

In case that could be misread to mean that the Syrian suggestion was simultaneous, what it says is that they are objecting to the plan's insistence on simultaneous withdrawal.

Syria's new demands make no mention of the status of President Gemayel; Syria's Druze and Shia allies continue to call for his resignation but the Phalange seems adamant that he remain.

Ambassador Jackson reports there have been no incidents involving Canadian citizens or embassy staff.

Hon. Heath Macquarrie: I would like to thank Senator Frith for his reply and, since I must now make my interjection in the interrogative sense, I would ask him whether he sees our government participating in this difficult situation in some helpful way, having in mind the recent discussions between the Prime Minister and the new Soviet leader. I personally recall that, on previous occasions, although not a principal power in the Middle East, Canada has been able to find useful and helpful opportunities. I am also mindful of the fact that, without the acquiescence of the Soviet Union as a member of the Security Council, no U.N. peace force could be established. Also, in reference to any possibility that the Canadian government may be discussing with France—which is highly informed on the Middle East and is a very wise and objective power—the whole possibility of U.N. involvement as a last resort.

The answer struck me, in paragraphs (a) to (d), as being in such terms as would make it almost impossible for anything to be done. That is why I talked about its language.

Senator Frith: Honourable senators, I have nothing further to add to what has been furnished with respect to government policy on the subject, in terms of both the government's attitude and paragraphs (a) to (d) referred to by Senator Macquarrie.

But when sending forward his question regarding the participation of the Soviet Union in such a force, or its attitude to such a force, or anything discussed on that subject between the Prime Minister and the General Secretary of the Communist Party and the President of the Soviet Union, I will underline that, if there is any further information on this policy, I should have it as well.

The other answer, as I think Senator Macquarrie realizes, I did piggy-back on top of his question; it was not meant to be an answer to his question.

PARLIAMENT BUILDINGS

RECONSTRUCTION OF SENATE SPEAKER'S ENTRANCE

Hon. Richard A. Donahoe: Honourable senators, I have three questions I should like to address to the Acting Leader of the Government in the Senate. They are much more domestic and perhaps of less importance, on their face, than those already addressed this afternoon, but they are ones that I think are serious, and the answers will certainly be of great interest to all honourable senators.

The questions deal with the renovations proceeding to this building, particularly in connection with the entrance which I have become accustomed to calling the Speaker's entrance. That entrance has been demolished and is to be replaced. Work is going on outside the building at the present time, apparently, with that objective in mind. I am interested in

what is taking place, as I am sure all honourable senators are. I hasten to say that I do not expect the answers to my questions to be accorded this afternoon. These are of such a nature that, if one is told that they are going to be taken as notice, one will fully understand.

First of all, when was final approval given for the construction work in question to proceed? It is proceeding, so obviously it must have been approved by someone.

Secondly, at whose request was this project conceived? I am interested in knowing who had the idea that this was a desirable and necessary project. It is perfectly clear that unless somebody asked that it be done, it would never have been started.

My final question is a standard one: I am interested in knowing, as I am sure other honourable senators are, what the project will cost.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, as anticipated, I will take those questions as notice.

CRIMINAL CODE

SECTIONS 150 AND 153—SUGGESTED AMENDMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Acting Leader of the Government, flowing from a situation in my home province which appears to have brought on quite a public outcry and involves the wording of sections 150 and 153 of the Criminal Code of Canada.

Court rulings have indicated that an adopted child does not come within the meaning of the word "child" in the incest sections of the Criminal Code of Canada. My question, therefore, is: Would the acting leader be kind enough to ask the Minister of Justice if, in the whole raft of Criminal Code amendments now being proceeded with in the House of Commons, consideration could be given to the cleaning up of those sections so that adopted children would have the same protection from sexual abuse as do natural children?

Hon. Royce Frith (Acting Leader of the Government): Did I understand you to say that this public outcry is the result of a decision interpreting those sections to mean that an adopted child is not a "child" as far as the offence of incest is concerned?

Senator Nurgitz: Under what we all understand to be the incest section, an adopted child is not the same as a natural child. Because I was lobbied on the weekend and did not have a copy of the Criminal Code handy, I have since taken the trouble to look at those sections. I am not satisfied that the judge is wrong because, as I read those sections, I am not satisfied they cover the situation of an adopted child, thus leaving an adopted child without protection.

Senator Frith: I thank Senator Nurgitz for mentioning that because, if that is so, obviously this is the time to clean-up those sections. I am sure it was never the legislative intent to exclude adopted children.

[Senator Donahoe.]

As Senator Nurgitz knows, that very problem had to be settled over the years as far as testamentary and non-testamentary succession was concerned, and generally in the common law and in the civil law. I am thankful he has raised this question, and I shall certainly pass it on to the Minister of Justice.

NATIONAL REVENUE

TAX EVASION—PUBLICATION OF LIST—TASK FORCE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Senator Nurgitz asked questions last week about the special task force within the Department of National Revenue information division.

I have some information, but it does not really deal with the particular question we tightened our focus on last week—that is, whether they are going to study the efficacy of publishing the names of the innocent. In any event, I will read the information I have received on the four questions.

The first question was: "When is the task force to commence its work?" The answer is that the task force has begun its work. Its chairman has outlined the task force's objectives and program; he has identified and begun to assemble staff; and has been working with the minister and the department since the beginning of February 1984.

The second question was: "When is it to conclude its work and make a report?" The answer is that the task force intends to conclude its work within two to three months; that is, by the end of April 1984. During this time the task force will be involved in evaluating existing communications activities and, in some instances, developing new initiatives. The work of the task force will therefore appear primarily as part of the ongoing communications activities of the department. A summary of the task force's activities and conclusions may be prepared, but no formal statement or report is planned.

The third question was: "Will the findings of the task force be made public?" The answer is that if a formal report is prepared it will be made public.

The fourth question related to the background of members of the task force, and was: "Is anyone with some legal background involved on the task force?" The answer is that the members of the task force are all communications specialists. If legal advice is required, it will be obtained from the Department of Justice.

Hon. Nathan Nurgitz: I have a supplementary question. Because I do not think that the acting leader and I are very much apart on the issue, I trust that he will agree that a suggestion be sent forward that someone with a legal background, from somewhere other than the Kremlin, should have some input into it.

Further, the answer is not satisfactory because of its general nature. I do not care about the other communications problems they have. Will the task force deal directly and tell the public whether it will name innocent people, along with guilty ones, when it publishes the information it does publish?

Senator Frith: I do not know whether I can go so far as to say that it will or will not, but I thought we had agreed that we wanted to find out whether they were going to look at that question and explain why they have been doing that. I will pass that question along.

Senator Nurgitz: Thank you.

• (1450)

BRITISH COLUMBIA INDIAN CUT-OFF LANDS SETTLEMENT BILL

SECOND READING

Hon. Paul Lucier moved the second reading of Bill C-18, to provide for the settlement of claims by Indian Bands in British Columbia relating to certain lands cut off from their reserves.

He said: Honourable senators, I appreciate the opportunity to speak on this bill, which provides for the settlement of a particular category of land claims by Indian bands in British Columbia.

As most of us are aware, 22 Indian bands have long-standing claims for compensation for lands removed from their reserves in 1920 without their consent. I should like to make it clear at the outset that there are pressing reasons why this legislation has been proposed today with such urgency.

Two years ago, the federal government, the B.C. government and the Penticton band, after 15 years of discussions and negotiations, signed an agreement to settle claims regarding lands cut off from their reserve in 1920. The agreement declared that federal legislation required that in order to put the agreement into effect it must be passed by March 6, 1984. If the legislation is not passed by then, the British Columbia government will have no legal obligation to transfer to the Penticton band the negotiated amount of $1 million, plus $200,000 in interest. There would also be a delay in returning almost 5000 hectares of land to the native bands involved. That is why this bill is before you today requesting your prompt consideration.

You would have received this bill before today, but following the government's tabling of a draft for discussion last June, some bands asked for changes. All parties discussed the draft, reached a consensus and changes were made. As is usually the case when governments seek co-operation, agreement and approval, considerable time was required. Only now are we in a position to proceed with this legislation.

The main objective of this bill is to approve and give the force of law to existing agreements and to provide for the approval of future agreements by Governor in Council. The legislation will also give legal authority to the 22 Indian bands to sign agreements with the Government of Canada and the Government of British Columbia to settle these claims.

I believe that this bill merits the support of all honourable senators and I should like to mention briefly why I seek your support. Anyone who is familiar with the history of the cut-off lands knows that the members of these 22 bands have reason to feel alienated and frustrated, as my colleagues explained in greater detail in the other place. In summary, the following is what was explained in the other place last week. In 1912, the Government of Canada and the Government of British Columbia agreed to consider changes in the established Indian reserves. For that purpose, a joint royal commission was set up to make recommendations. It was known as the McKenna-McBride commission. The Indian bands throughout British Columbia were visited by the McKenna-McBride commission and were assured that no lands would be taken away from the Indian reserves without their consent. These assurances were repeated and recorded many times. Indian leaders were co-operative, open and trusting. In 1916, the royal commission submitted its report, which included recommendations for cutting off lands from the reserves of 22 bands.

In 1919, the British Columbia legislature passed the Indian Affairs Settlement Act.

In 1920, the Parliament of Canada enacted the Indian Land Settlement Act. But the federal legislation waived the need for consent from the bands. That is what has caused resentment, frustration and bitterness for more than 60 years. The people of these 22 bands consider this a breach of agreement, because lands were cut off without their consent. The two governments finally agreed to begin negotiations with the committee representing the 22 bands in 1977, which is seven years ago. Two years ago detailed negotiations began with the 22 individual bands. They all agreed that, wherever possible, the original lands were to be returned to the bands. The land settlements with all the bands involve a total of more than 12,000 hectares. Approximately 10 per cent will not be returned and the governments instead will pay compensation.

Of the six agreements already reached, the settlement with the Penticton band provides for the largest transfer of land—almost 5000 hectares. The settlement with the Westbank band provides a large compensation—almost $7 million. The lands and the compensation involved in the other four existing agreements are smaller.

Settlement of the cut-off lands claims in British Columbia is but one example of righting the wrongs done to the Indian people that have contributed to their feeling unfairly treated, and it may remove the deep mistrust which has perplexed too many of our Indian people, our fellow Canadians, in this century.

Honourable senators should know that the Government of British Columbia has contributed a great deal to the success of these negotiations. The agreements already signed demonstrate once again that a common vision and a common goal can bring together our two governments to create a just solution to this problem. The most essential contributors to this solution, however, are the Indian leaders of the 22 bands. It is their patience, perseverance and persistence that have brought this proposal before us today. All parties have invested much good will, time and effort to reach this ultimate step on the way to success. We now have an opportunity to consider the merits of this legislation and to decide on the approval of this important part in this settlement. I believe that the British

Columbia Indian Cut-off Lands Settlement Bill deserves our full support. By providing this support, we can help to correct an unjust situation. All Canadians can be assured that the legitimate demands of the first nations of this land will be met by the various governments.

In concluding my remarks, I should like to add that we are presently in the midst of negotiations for some important land claims in the Yukon, the Northwest Territories and other parts of Canada. I think this is a very important first step in showing that, with the co-operation of the governments involved and the bands themselves, we can succeed in settling the land claims.

Hon. Martha P. Bielish: Honourable senators, I commend Senator Lucier for his presentation. I welcome the opportunity to participate in the debate on Bill C-18, to provide for the settlement of claims by Indian bands in British Columbia relating to certain lands cut off from their reserves.

Our acting leader indicated last week and again today that we would give this bill consent without delay. That remark gives me the opportunity to say that this bill, like so many others, comes before us during the last week prior to a break in parliamentary sittings, and it has a deadline on it. If Bill C-18 is not passed by March 6, certain obligations for money to be paid to the Indian bands by the British Columbia government will have expired.

I should like to draw your attention to the fact that this is the kind of government procedure that eats away at the credibility of this chamber.

Basically, my speech is a repetition of Senator Lucier's, except to add that, when British Columbia became a province in 1871, Crown lands were set aside that came to be known as Indian lands. Since the beginning there have been differences of opinion between the Government of British Columbia and the federal government.

Senator Lucier has already described the McKenna-McBride commission and its recommendations, but perhaps the most important recommendation was the cutting off of reserve land that did not meet the criterion of specific need with the consent of the Indians. After the McKenna-McBride commission submitted its report, the British Columbia Legislature passed the Indian Affairs Settlement Act. In 1920, Parliament enacted the Indian Land Settlement Act, thus eliminating the need to obtain the consent of the bands. That is a brief outline of what has caused discontent among 22 bands of British Columbia Indians.

• (1500)

Passage of this bill will return 12,000 hectares of cut-off lands to the 22 bands and provide cash settlements for the lands that were cut off.

Our party is pleased to support this bill which will bring an end to a wrong that has been allowed to continue for over 60 years.

Hon. Senators: Hear, hear.

Senator Lucier: Honourable senators—

[Senator Lucier.]

The Hon. the Speaker: Honourable senators, I have to inform the Senate that, if the Honourable Senator Lucier speaks now, his speech will have the effect of closing the debate on the motion for second reading of Bill C-18.

Senator Lucier: Honourable senators, I appreciate the remarks just made by Senator Bielish.

I would only add that I agree with her about the deadline—that is, once more receiving a bill just before an adjournment.

I have had some involvement with claims in the Yukon and, while I do not like to defend the government too much, I should point out that, in this particular instance, the Indian bands themselves have been very careful in their negotiations to make sure that there is a consensus among their people. This sometimes takes quite a long period of time. Therefore, although I accept Senator Bielish's comments about the length of time, once in a while there is good reason for it.

Motion agreed to and bill read second time.

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

Senator Lucier: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, with your leave, I would like to start by congratulating our new Speaker on his appointment to the Chair of this Chamber. Several days after he took up his duties, I was one of the Speaker's guests at an official dinner that was international in character. I remarked at the time on the eloquence and distinction with which he spoke on behalf of the Senate and Canada. I was very proud both as a Senator and as a Canadian.

Mr. Speaker, I hope that your term in the Speaker's chair, although it may be relatively brief, because this Thirty-Second Parliament is drawing inexorably to a close—

Hon. Jacques Flynn (Leader of the Opposition): Thank God!

Senator Murray: —I hope that this term will be an agreeable and satisfying one.

I also wish to congratulate our colleagues, Senators Bosa and Hébert, who did an admirable job in starting the debate on the Throne Speech.

I also would like to extend a very cordial welcome to those of our colleagues who were very recently appointed to the

Senate. Many of our new colleagues have been good friends of mine for a long time. Of course I would have preferred to see some Progressive Conservatives appointed to the Senate, but since the Prime Minister felt obliged to appoint Liberals, he could not have made a better choice.

Three days ago, the present Government finished the fourth year of its term of office. It is now starting its fifth year in power since the elections of 1980. After four years, Canadians are entitled to have their say about the Government. After four years, Canada is entitled to a general election. For all practical purposes, the Government's term has come to an end. Considering the fact that for twenty-nine months, public opinion has been turning increasingly against the Government, and in the last eight months that percentage has become the majority, Canadians must be allowed to exercise their democratic rights in a general election. There is no justification for further delay.

Only political cowardice or contempt for the democratic process could explain why, after four years in power, the Government refuses to announce a general election. It has to, if it has any respect for democracy.

[*English*]

Honourable senators, the new government that will be elected, I trust soon—

Hon. Royce Frith (Acting Leader of the Government): Dream while you are feeling good.

Senator Murray: The new government that will be elected soon—or as soon as the present government has the courage to call the election in this fifth year of its mandate—will have to grapple with many serious problems, chief among which is the dismal state of our economy. The Canadian economy is in a prolonged period of underachievement: underachievement by our own historical standards and underachievement by current international standards. The most urgent problem facing the new government will be to reverse the economic decline that we have known.

• (1510)

The signs of recovery that we have seen lately are to be welcomed, but they are looking more and more faint. Less and less do these signs of recovery seem to herald a period of renewed and sustained economic growth. One has only to look at the indicators. Unemployment is in the 11 per cent range and is projected to remain there for at least another year or two. Interest rates are still high and are projected to remain high and to be an obstacle to economic growth. Business capital investment is still declining. Canadian manufacturing is operating at about 70 per cent of capacity. These are the immediate conditions that the new government must set about trying to improve.

Nobody pretends that improvement will be quick or easy. But beyond this—our immediate preoccupation with these debilitating economic conditions—it is a deplorable fact that there is no consensus in this country about our long-term economic interest or our long-term economic policy. It is not that we lack for advice. We have had the annual reviews and the various special reports of the Economic Council of Canada, of the Science Council and of various parliamentary committees, including the Standing Senate Committee on National Finance and the Standing Senate Committee on Foreign Affairs, which have addressed themselves from time to time to various aspects of longer-term economic policy. We have many non-government institutes, among which are the C. D. Howe Institute and the North South Institute. The government is bombarded with advice, and shortly it appears that there will be issued an interim report from the Donald Macdonald commission.

These bodies, however, do not set the political agenda for the country. The political agenda is set by politicians and, in particular, by governments. What I want to say is that a new government in this country will have to rewrite the political agenda in Canada to focus on Canada's interdependence with the rest of the world. What does that interdependence imply? First, it implies the need to adapt our industries and our economy to the changing state of international comparative advantage.

Hon. Duff Roblin (Deputy Leader of the Opposition): Hear, hear!

Senator Murray: Secondly, it implies the need to review constantly and to supplement the knowledge and skills of our people so that Canadians can cope with and prosper in these changing conditions. Thirdly, it implies the need for Canada to take a role of leadership in improving the management of the world economy. In particular, Canada should be in the forefront of those international institutions that are concerned with trade, aid, investment and international finance. Without such policies of adjustment and adaptation, Canada will face economic stagnation in the future.

Honourable senators, this is hardly a new theme. It has been emphasized in many of the reports and studies I and others have alluded to. But Canadians, generally, do not yet see how important the world economy is to this country. Our government leadership has all the right rhetoric about interdependence, but its actions are too often inward-looking, unnecessarily nationalistic, restrictive of trade and investment, and inhibiting of industrial adjustment.

Canada is a trading nation. More or less one-quarter of its GNP is accounted for by exports. Not even Japan is as dependent on exports as is Canada. The Trade Division of the Department of External Affairs estimates that some 2 million Canadians work in areas directly or indirectly related to exporting; that is, one in five people in our labour market are so employed. Almost 70 per cent of those exports go to the United States, and of course that is the relationship that matters most.

As a member of the Standing Senate Committee on Foreign Affairs, I signed Volume III of the report on Canada-U.S. Relations. The committee recommended the negotiation of a bilateral free-trade agreement with the United States, but our report emphasized that such an arrangement need not sacrifice Canada's trade with Third World countries nor reduce Cana-

da's commitment to liberalize multi-lateral trade. Our report explicitly rejected the idea of a common market or a Canada-U.S. customs union in which we would set up a common external tariff against the rest of the world. I wanted to underline this fact because I saw a report in the *Globe and Mail* of February 1 suggesting that the Donald Macdonald commission is considering some form of free trade between Canada and the United States. The article, written by Thomas Walkom, notes the following:

> There is a powerful undercurrent of economic nationalism in Canada, which has pulled under governments proposing reciprocity.
>
> The Macdonald Commission has been considering one suggestion, however, that might appease the nationalists—to increase protection against European and Asian countries while increasing trade with the United States.

What concerns me, of course, is the thought that there has to be a trade-off—that we have to increase protection against Europe and, in particular, against Asia, in order to negotiate something with the United States in the way of freer trade.

Honourable senators, I do not want to excoriate the Donald Macdonald commission on the basis of a speculative newspaper report. But if, in its interim report or in its final report, it does come up with any such nonsense as was suggested in the paragraphs I have quoted, then it should be sent packing. The 30 per cent or more of our exports that do not go to the United States but to other countries is not insignificant.

In 1981, the Department of Industry, Trade and Commerce—God rest its soul, it no longer exists—identified Japan, Australia, Hong Kong, South Korea and the five Asian countries—Malaysia, Singapore, Thailand, Indonesia and the Philippines—as priority countries for concentrated export efforts by Canada. The Prime Minister visited those Asian countries last year, presumably in the hope and expectation of increasing our exports to that area. Various studies—most recently, a North-South Institute report of last September—have identified potential markets for Canadian manufactured goods and services, communications, transportation, power generating facilities and capital equipment of various kinds in that area.

Honourable senators, we have more than enough tariff and non-tariff barriers against these very same countries.

Senator Roblin: Hear, hear!

Senator Murray: The evidence is that these barriers undermine our export promotion efforts. We can kiss these export opportunities goodbye and we should forget this rhetoric about the Pacific Rim if we proceed now to increase protectionism against those countries as some kind of a political trade-off for a bilateral arrangement with the United States. We have to be concerned about Canada's credibility in these matters. Without credibility, we cannot help create a viable world economy.

The Brandt Commission several years ago pointed out how the developing countries can be an engine of growth for the industrialized countries. We have heard a great deal about the debt problems of some of the developing countries, but after the 1973 oil shock, the money placed by the OPEC countries into the commercial banks was borrowed by the better-off developing countries and the recycling helped to create markets for our manufacturers. One OECD study indicated that this recycling was worth 900,000 jobs a year in the industrialized countries, every year from 1973 to 1977.

[Senator Murray.]

• (1520)

The report of the World Bank for 1983 and the Annual Report of the International Monetary Fund for 1983 also emphasized the point that, over time, expansion is transmitted from the industrial countries to the developing countries and back to the industrial countries.

In the 1970s the developing countries were the fastest growing sector of the world economy. Not too long ago I saw a speech by the U.S. Secretary of State, Mr. Schultz, who, in referring to the developing countries, said:

> Their strong performance reinforced the expansion of world trade in the 1970s and provided the leading edge of world growth.

He went on to say that we have seen the same linkage work in reverse during the recent recession. Secretary Schultz said that over half of the decline in the gross national product in 1982 had come from a deterioration in its international accounts, in particular its exports to the developing countries.

When Robert McNamara was in Ottawa last fall, he said that the United States had lost 250,000 jobs:

> —solely because Mexico's imports from the U.S. have declined because of the very serious economic problems faced by Mexico.

Canada's direct economic interest in these developing countries is not, of course, as great as that of the United States, but it is not insignificant. Approximately $7 billion of exports—roughly 10 per cent of our total exports—go to the non-oil exporting developing countries. While approximately 10 per cent of our manufactured goods go to those countries, for the rest of the world, the industrial world as a whole exports approximately 28 per cent of its manufactured goods to the developing countries. The figure is 40 per cent in the case of the United States and over 40 per cent in the case of Japan. So our direct economic interest—10 per cent of our exports—is less than that of the United States or Japan.

We do, however, have a tremendous, indirect interest, if only because of the dependence of our major partners on this trade. What is most significant for Canada—for a country of our size—is the enormous stake that we have in a well managed world economy. Canada does not have the power to dictate terms of trade to her competitors and customers, and therefore her interest is in strong international institutions and in sound international agreements respecting trade, investment and finance. As Canadians, we should bring some sense of commitment, of vision, if you like, to GATT. Instead, we are on the carpet in GATT because of our discriminatory and restrictive investment policies; and for a couple of years we have been in some international disrepute in the international community because of our energy policies.

Most serious so far as the developing countries are concerned is that we have clung to this multifibre arrangement, now extended to 1986, and have helped to distort its original short-term transitional character. The multifibre arrangement has been described by the World Bank as:

> —the most extreme example of trade restriction since governments started to undo the protectionism that contributed to the depression of the 1930s.

The evidence is overwhelming, not only that protectionism in this area is very costly to the Canadian consumer, but that the most generous government adjustment policies or programs for workers, for firms, for communities affected by import competition would be less costly and more equitable than the cost of trade protection. Study after study has shown the same thing.

Hon. Duff Roblin (Deputy Leader of the Opposition): Hear, hear.

Senator Murray: Much the same can be said with regard to the footwear import quotas that were introduced as an emergency measure seven or eight years ago, and they have been expanded and extended in time since then.

The year-end review of the North South Institute here in Ottawa noted the creation by the government of agencies such as the Canadian Industrial Renewal Board, and saw in the creation of such agencies some progress toward industrial adjustment strategy. But it added:

> —its effectiveness is undermined by import policy measures that work at cross purposes to adjustment objectives.

We have just completed—one hopes we have completed and are not stuck in the quagmire for some years to come—three years of stagnant or declining world trade. In the industrialized world, we will not be on the path of sustained growth unless and until the momentum of economic growth is renewed in the developing countries.

At noon today I heard the President of CIDA say that no recovery that we can imagine in the industrialized world can possibly create the number of jobs that we need in Canada to bring our unemployment rate down in the next few years. So we have quite a stake in increasing the momentum of economic activity and economic growth in those developing countries. That is why the debt problem of those countries is of such concern.

It is quite facile and unfair to say, "It is mismanagement on their part that got them into this trouble". Certainly, there is mismanagement; but, primarily, those countries are victims of a number of circumstances. First, the recession in the north reduced the demand for the exports of those developing countries; second, inflation in the north increased the cost of the goods those developing countries import from us; third, high interest rates around the world imposed on them a debt servicing burden that really was crippling. In the case of some of those countries that are dependent upon a single commodity, commodity prices took a dive. No wonder they have a liquidity problem. It would take superhuman political and economic management to maintain growth and stability under those circumstances.

If we examine the record of developing countries over the period of the 1970s, by and large we will find that there has been good economic and social progress, and very good progress toward self-sufficiency in food in some of those countries. On the whole, the record—with the exceptions that tend to stand out and are talked about a great deal in the media and elsewhere—has been very good; but, because of the current debt situation, the commercial banks have cut back severely on new financing to the developing countries. The resources of the International Monetary Fund have not been sufficient to keep pace with the needs and are not now sufficient to keep pace with the projected needs. The result is that the somewhat better-off developing countries that used to obtain commercial credit are now refused commercial credit and are competing with the poorest of the poor countries for foreign aid. Meanwhile, the aid from the industrialized countries is insufficient at 0.39 per cent of GNP, and, taking the OECD countries as a whole, is still far from the target of 0.7 per cent of GNP.

Many of the lower income countries are crucially dependent upon foreign aid as a source of foreign exchange and for their own development programs.

In Canada, as honourable senators are well aware, we have domestic programs aimed at overcoming regional disparity. These programs have a good economic rationale in terms of increasing individual opportunity and in terms of regional and national economic growth. In the broad sense of the word "political", they also have a political rationale in that they are essential to anyone's concept of national unity. I believe that it is equally in Canada's interest to promote and participate fully in international development assistance programs. Again, there is a solid economic rationale, as can be demonstrated. There is also a compelling political rationale: the alleviation of conditions that breed instability and violence and lead to international conflict.

• (1530)

I am aware that not everybody shares this view. Some Canadians are opposed to foreign aid. Others think that the aid policy should be drastically altered to reflect this or that ideological, economic or political priority. It is true to say that there is not a good understanding in this country of our aid policy and our programs; that is partly because the government has never articulated its objectives very clearly. Various groups are now springing up in the country with the intent of challenging Canada's aid programs. I do not agree with them or their views, but their activities may have the benefit of forcing the government and the various political parties to think through their policies in this area, the better to explain and defend them and to obtain support from the Canadian people.

In 1980 there was an all-party committee of the House of Commons that studied North-South relations. In its report the committee made the following point, in quoting Robert McNamara, the former U.S. Secretary of Defence and former President of the World Bank:

> It used to be said that lack of capital was the chief obstacle to economic growth. But we now know that capital formation explains less than one-third of the variations in growth rates among developing countries; human resource development explains a great deal more. Investment in the human potential of the poor, then, is not only morally right, it is very sound economics.

The House of Commons task force recommended, among other things, that that chamber set up a standing committee with a mandate to consider issues of international developments. The House of Commons has not followed through on that recommendation. I am not suggesting that we should set up another committee here. For one thing, the relatively small number of Progressive Conservative senators is already overtaxed in terms of covering the various committees. However, I would like to see one of our committees take upon itself the responsibility of monitoring government policy and progress in the areas I have mentioned.

First, there is our trade policy. We should force the proponents of protectionist measures to defend them in terms of the cost benefit to the Canadian economy. We should examine in particular non-tariff barriers as they are brought in. New ones are being invented all the time. We should monitor Canada's participation in various multilateral forums such as GATT, the IMF, the World Bank and so on. As an aside, and I think an important one, I think we should provide for more parliamentary participation in those forums. We routinely send members of the Senate and House of Commons to the United Nations General Assembly. For example, Senator Neiman and I had the privilege of being there in 1980 at the Special Session on Development. However, some of the most important decisions are being taken and some of the most important discussions are being held in forums such as GATT, the IMF and the World Bank. I think it would be extremely useful to have senators, members of Parliament and, in fact, members of the provincial legislatures, if it can be arranged, attend meetings of that kind so that we could all become better educated on these issues. In that way, perhaps, we could help sensitize the international community and our own bureacracy to some of the important political considerations. I think we should call ministers and officials to account for Canada's policy in these fields.

With regard to our aid programs, I think one of our committees should take it upon itself to monitor those programs involved in both bilateral aid and aid given through multilateral agencies. We must scrutinize more carefully some of the claims made by proponents of aid programs. Such claims as "There is going to be a quick and early pay-off from this foreign aid investment" are claims that lead to disillusionment with aid programs. We have to examine the objectives of these programs and their successes and failures. There have been many successes in terms of Canada's aid programs. We should also look at the aid programs of other countries. Finally, and most importantly, I think we have to monitor the adjustment programs that are brought in by this government to help our industries and our entire economy adjust to the changing international situation. These programs are going to become vital to our economic survival and prosperity in the years ahead.

Honourable senators, I have tried to touch on some of the issues that are related to Canada's interdependence with the rest of the world. I cheerfully admit that I have not discussed any of them in any depth. Let me sum up what I have to say in these words: We hear a great deal about economic stagnation, the stagnation of the world economy, the need for specialization in the domestic and world economy, and the need for the economy to be more efficient and more competitive; and these are important subjects. But, surely, economic progress comes, not only from making the existing market more efficient, but from expanding that market. We cannot continue to fight over shares of the existing market, which some commentators see as becoming increasingly a replacement market for consumer goods and industries that reached their maturity in the seventies. So we have to expand the market. Where is it going to be expanded? Where else but among the hundreds of millions of people who are not now engaging in economic activity, who are not buyers and sellers. I learned the other day, for example, that Brazil, with something like six times the population of Canada, has only the same numbers, in round figures, as Canada in the area of economic activity, and that India, for another example, has some 350 million people living at or near the subsistence level. These are the new people who, over time, have to be brought into the market. That is the job of the development agencies and the function of international development policies, including our own.

Again, it is hardly a new theme but we do have the experience and capacity to realize our goals through a concerted international effort. I believe that this challenge of our interdependence with the world is the number one challenge facing the next Parliament of Canada. I believe that it is a historic opportunity for a new government coming to office in this country to place our own economy on a path of long-term viability and to make a lasting contribution to world economic expansion and international stability.

Hon. Frederick W. Rowe: Will the honourable senator accept a question?

Senator Murray: Certainly.

Senator Rowe: I understood him to say that in 1980 an all-party committee was set up to study North-South relations and that one of the recommendations was that there be a permanent committee to carry on this study. The honourable senator said that this recommendation was not acted upon. Was any reason given for not taking the advice of that all-party committee at the time?

Senator Murray: I do not know of any such reason. The government made quite a detailed reply to the various recommendations of the task force in question. While I do not have the document in front of me, the government probably took the position that the House of Commons would be master of its own procedures and could set up a standing committee, if it so desired. The matter seems to have been dropped there.

• (1540)

On motion of Senator Cottreau, debate adjourned.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Steuart*).

Hon. D. G. Steuart: Honourable senators, first, I should like to congratulate Senator Molgat and the Honourable Paul Cosgrove, the joint chairmen of the Special Joint Committee of the Senate and the House of Commons on the Reform of the Senate, for the manner in which they conducted this study. They gave everyone, who wished it, the opportunity to be heard; all who appeared before the committee were given a respectful hearing and were subjected to intelligent questioning. When they finally received the green light to go ahead, they moved with dispatch and their report is clear, understandable and to the point.

The commitee has asked for public discussion. I am pleased to be given the opportunity to engage in consideration of its report. The report correctly states that the committee was confined by the terms of reference to the narrow study of Senate reform, which precluded consideration of the larger questions of parliamentary reform or government reform. When the committee was set up and the terms of reference were made public, I found this very narrow approach hard to understand; and, now, having studied the report, I find it even more incomprehensible.

To begin with, the question arises: Why have we had this study? What is wrong in Canada that we need to appoint a joint committee of Parliament and instruct it to consider and report upon ways in which the Senate of Canada can be reformed, in order to strengthen its role in representing people from all regions of Canada and to enhance the authority of Parliament to speak and act on behalf of Canadians in all parts of the country?

Honourable senators, those who decided to have a committee and decreed the terms of reference are obviously convinced that Parliament does not now properly represent all regions of Canada and that, at present, it is too weak to speak for and act on behalf of Canadians in all parts of the country. I presume those in authority who set up this committee and literally demanded that it report on ways to reform only one house of Parliament must see a great deal of discontent in all parts of Canada with the present situation in Ottawa.

If we look at the facts, honourable senators, we must agree that separatism in Quebec and western Canada, great discontent in Atlantic Canada, and even rumblings in Ontario give us all cause for great concern. Studies done by Gallup indicate that, to a large percentage of young Canadians, Parliament—that is, both houses—and even the entire government, including the ever-growing Prime Minister's Office and the Public Service, are inefficient and unresponsive. In other words, the total Canadian government is looked upon by too many Canadians of all ages and from all regions as out of step with their real needs and, in fact, out of step with the times.

In the face of all this discontent, what does our government do to show that they really are responsive to the situation? They decide, once again, to reform the Senate. I say "once again" because, over the years, whenever a Canadian government is faced with mounting problems and all normal solutions seem to have failed, they very often launch a Senate reform movement.

With all this reform taking place you would think the Senate had been changed over the years out of all recognition. The truth is that if one of the original senators from 117 years ago dropped in on us today the only real difference he would notice would be that now, finally, there are a few women in the chamber and we hardly ever sit on Wednesdays.

The reason all these so-called Senate reform movements have never amounted to anything is that no one has really taken them seriously. Why should anyone take the half-hearted attempts at changing the Senate seriously, when the various governments themselves have not believed in what they were proposing, including the present government? Why do I say that the present government is not serious when it proposes to do something about regional discontent and unresponsive government? Because it refuses to tackle the problem where it really exists.

Let us look at where the real power resides in our federal government. I think the power structure goes something like this: On the top is the Prime Minister and his office—the famous PMO; then the top bureaucrats—the deputy ministers and some assistant deputy ministers. Next down the ladder is the cabinet; and following that in the power hierarchy is the House of Commons. Finally, at the bottom, is the Senate.

By saying you can cure all, or even part, of the regional discontent in Canada by changing the Senate is something like a doctor telling a patient he has a major heart condition but the first thing he is going to look after is his hangnail.

Of course, the Senate should be reformed; it should have been changed a long time ago. The Senate itself has proposed many excellent reforms, all of which have been ignored by successive governments, including the present one.

Why have these proposals never been acted upon? I do not know. Sometimes I suspect that, if the Senate had been made a more effective arm of Parliament, various governments would have lost a convenient whipping boy; the public's attention might have focused on where the real need for reform lies—that is, in the PMO, the cabinet and, mostly, in the elected House of Commons.

I am convinced that the proposition that an elected Senate can seriously address regional discontent in Canada is a dangerous one because it will continue to obscure our real problem, which is a weak and impotent House of Commons. If we

agree to an elected Senate, and as a result convince the people of Canada that this is even a partial answer to their problems, I believe it will take at least 20 years to prove us wrong—and our federation cannot stand 20 more years of regional strains.

We all know the Senate was created to balance regional and ethnic needs. It was set up to be a counterbalance to the democratically elected House of Commons. However, that was 117 years ago, when democratically elected governments were a relatively new experiment, not wholly trusted at that time.

As well, we must remember that, in spite of its obvious shortcomings, the Senate has helped to hold Canada together. It has helped Canada to grow and prosper, to become one of the wealthiest, most caring and freedom-loving nations on earth.

Let us not try to load something on the back of this institution which it has never carried very well and which it will fail to carry in the future. I am referring to the future role of the Senate as proposed in chapter 4 of the report, namely, that the Senate is to represent regional interests and to act as a counterweight to the democratically chosen House of Commons.

I suggest that a reformed House of Commons could and should be the institution to represent and balance regional differences. I also suggest that since the House of Commons, as it now operates, carries little weight in Canada's modern government, the last thing in the world it needs is a counterweight.

In this regard, to illustrate my point, I will use my own experience in Saskatchewan, where I have been involved in municipal, provincial and federal politics for almost 40 years. In the 1920s, 1930s and even into the 1940s, we sent down to Ottawa a majority of Liberal members from Saskatchewan. In the beginning these Liberal MPs appeared to have some power. However, they gradually became apologists for the policies of the central government, and they lost support.

Then the Saskatchewan people turned to the relatively new CCF, now the NDP. While it did not accomplish much, it raised hell with the Liberal government, which pleased the voters back home.

Then came John Diefenbaker, and at long last the people of Saskatchewan and most of western Canada felt they were tuned into the government in Ottawa. However, the Diefenbaker government fell and most Saskatchewan voters were on the outside looking in once more. I have never been sure whether their discontent is with the system or with Liberal governments. Whatever it is, it is real and must be taken seriously.

The point I want to make here is that, in all the years I have heard people from Saskatchewan complaining about the central government, I have almost never heard any of them mention a senator or the Senate. I do not think they have any higher regard for this body than other Canadians have, but the fact is that it is to the members of the House of Commons that they look, and always have, to get them a better deal out of Ottawa. They elect those people to represent them, and when the members bow down to party discipline and vote against what is perceived to be their regional interests, the voters throw them out of office and try a new party. But, honourable senators, we have run out of political parties. If the Conservatives find a way to stay in power for any length of time, disillusion will set in with them also in western Canada.

• (1550)

Party discipline is the price of maintaining power under our present system, and once the Tories go down that road the west will turn on them just as quickly as they did on the Liberals and on the NDP.

In this report, it is suggested that we tell our Saskatchewan voters and others, "Look, we have a new system. You have been electing 13 members from Saskatchewan to the House of Commons, and we admit that, over the years, shortly after being elected they forgot you farmers or started trying to convince you that, for example, paying an additional $400 million a year to move your grain to market was really in your best interests. Of course, you did not believe them; you booted them out and started planning a revolution."

We will tell them, "Under the new system you will, of course, continue to elect the 13 members to the House of Commons, whom you do not really believe represent you; but now you will be allowed to elect 12 new members called senators and, please believe us, they will never forget where they came from. However, we must point out that, while we know that half the fun in western Canadian politics is throwing the bums out after four or eight years, these new senators will be elected for nine years and will not be allowed to run again. This will make them very independent, we hope. We are not sure whom it will make them independent of—you, the voters, or the party big shots—or maybe both; but the one thing we are sure of is that you, the farmers, will be the winners. In other words, you elected 13 people who did not do the job. Would you now like to try for 12 more who might?"

Fellow senators, some of you might want to go out to Melfort, Saskatchewan, for example, and try to sell that to a hall full of hard-working, hard-nosed prairie farmers, but I am not going to try. Even if you could sell that idea—and I do not think you could—I do not believe it would work. We shall have two elected bodies sharing a very limited amount of power, frustrating each other and deepening regional discontent, not healing it.

Over the years, we have elected good people from all parties, and all parts of Canada, to the House of Commons, and most of them have tried their best to represent their regions. In some cases they have succeeded; but all too often they are licked by the system before they start. So, I say, let us change the system.

Over the years, there have been many good suggestions. For example, it was suggested that the rules be changed so that an opportunity to defeat a government could only occur three or four times a year on straight no-confidence motions. Another suggestion was that the no-confidence votes should fall on pre-arranged dates so that no one could play tricks. I do not

think the Canadian public would want an election because one party hid behind the curtains and defeated the government by tricking them. Another suggestion was that, except for votes of no confidence, every vote on every bill should be a free vote. In that way, members could vote with their conscience, not with fear of facing an election.

This is neither the time nor the place to go into possible changes to, or reform of, the House of Commons. However, I shall make one suggestion—that we, in the Senate, ask for another joint committee; but this time the Senate would have a majority of the members and the committee would study and report on House of Commons reform. Since ten members of the other place were willing to sacrifice their time to tell us how to reform our end of Parliament, I think it only fair that we do the same for them.

Honourable senators, I am reasonably sure that the Canadian people will fail to see any logic in electing a new group of 144 members and sending them to Ottawa to do the job that the 282 members they have already sent down here have apparently failed to do.

While I am reasonably sure that the public will not buy it, I am 100 per cent positive that the provincial premiers will not step gracefully aside and allow a newly elected Senate to fill all or any of their self-appointed roles as saviours of Canada's regions. Those televised federal-provincial conferences with Pierre, Brian, John, or whoever, billed in each provincial capital as the bad guy, and Bill, René, Peter, or whoever, billed as the good guy, are Canada's answer to the day-time soap operas, and I do not think our fearless premiers will step aside in favour of newly-elected senators, thereby giving up all that national exposure plus the side trips to New York. That is not very likely. However, a new, more powerful House of Commons group might steal some of their thunder.

Honourable senators, you may have gathered by now that I do not believe in an elected Senate. Let me make it clear, however, that this is not personal. By the time we get to the stage of having an elected Senate—if we ever do—I shall be too old to walk, never mind run, so I am now announcing I shall not be a candidate. If I ever changed my mind and by some fluke was elected, my wife Eunice would probably demand a re-count.

However, I do believe that Senate reform is imminent and should take place, and I support that part of the report in chapter 7 entitled, "Reforms That Should Be Made Now". As you know, this covers the selection of senators, with possibly some input from new sources and a better balance between political parties. I would even go so far as to agree that some NDP members should be appointed to the Senate. However, if they refused, I would not be brokenhearted.

I would point out that our present prime minister has probably appointed more independent senators and opposition members than all other prime ministers in history combined, but I agree that more could be done. Our powers should be changed, and the report's proposal to have a suspensive veto of 120 days has, I am sure, much support in the Senate. Many of us have supported a change in our internal organization to give the Senate the opportunity to elect some of its officers. Consistently, more staff has been asked for and just as consistently refused.

I would like to see the Senate given more power to investigate and more funds to carry out its work. Many tasks now given to royal commissions could be done as well, or even better, by a Senate committee at great saving to the taxpayers. I would like to see a Senate committee set up with the responsibility and power to look into the operations of our crown corporations. These crown corporations have become mega-businesses and some of them are almost a law unto themselves. If crown corporations were forced to come before a committee of the Senate to answer for their actions, it would have a salutary effect and would be a wonderful sight to behold.

I like the proposal put forward in the last chapter of the report, which says, in effect, "make these and other obviously good changes now, and then see if the Senate is worth saving or needs a total overhaul."

I sincerely believe that to bring in an elected Senate would be to open a Pandora's box that we would all regret in the years ahead. Senator Eugene Forsey, in a debate on this subject, cautioned us always to remember that the Senate, as presently constituted, does much good and very little harm. He warned us that change without careful consideration would reverse our record: we could end up doing little good and much harm to a parliamentary system that, with all its weaknesses, has brought our nation a long way in just over 100 years.

On motion of Senator Macquarrie, debate adjourned.

NATIONAL FILM BOARD

FILM ENTITLED "THE KID WHO COULDN'T MISS"—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Molson calling the attention of the Senate to certain activities of the National Film Board and, in particular, to the film "The Kid Who Couldn't Miss".—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I rise in support of the motion by Senator Molson, who related, in well-defined terms, his concern over the film produced by the National Film Board entitled "The Kid Who Couldn't Miss".

The producer of this film, without any feeling of conscience, perversely distorts a segment of military history and purposely sets out to degrade the record of a military hero for no other reason than to trail along the path of some of those in authority who want to tear down what few traditions we cling to as Canadians in trying to hold dear a sense of pride in our country.

● (1600)

There is not much point in repeating the strong case laid out so adequately by Senator Molson, but I have risen to support

his sensible suggestion that the Senate should ask the minister responsible to direct the National Film Board to withdraw the film from circulation immediately and to show some common sense in the future.

I am really surprised that this has not been done already. I feel it is incumbent on the Acting Leader of the Government to tell us today what action he has taken to comply with the request made by Senator Molson on February 7. Surely, he has had enough time. Surely, this travesty of public relations tactics holds the same kind of urgency that made the Minister of National Revenue comply with a request in the other place to cancel a $200,000 film found unworthy of being shown to the Canadian public. Surely, we are not so impotent in this chamber that out leadership cannot prevail on the government to correct the wrong done by one of its agencies, whose job is supposed to be to enhance the feelings of Canadians towards their country or, indeed, as in this case, towards those of distinction.

On a recent visit with the Senate defence committee to Air Command Headquarters in Winnipeg, I was struck with some emotion at the performance of our young airmen and women; they serve our country with a dedication and pride that is heartwarming to behold. Part of that dedication is due to the fact that they hold dear the history and record of those gallant airmen who gave their lives during World War II.

One such record, apart from Billy Bishop's, is that of the late Pilot Officer Andrew Charles Mynarski, who was awarded the highest honour for bravery, the Victoria Cross. He was killed in air combat over Cambrai, France, in a gallant effort to rescue his comrades who were trapped in the tail turret of their plane.

While I hesitate even to mention this incident, should we not now be wondering whether the National Film Board is looking at other records of bravery of Candians who have fought for our country? I hope not, honourable senators. Those new pilots located in Winnipeg hold in esteem people such as Billy Bishop and Pilot Officer Mynarski. I hope that we can rest assured that the showing of this film will be stopped at once, as Senator Molson has requested so very properly. I hope that the government will listen to us in this regard.

Hon. John M. Godfrey: Honourable senators, I should like to move the adjournment of the debate. I should point out, for the benefit of anyone who might wish to speak before me, that I do not intend to speak for another week or so.

The reason for the delay is that I have been in touch with a member of the National Film Board—with whom I have no particular influence, but who has been amenable to reason in the past, and I refer to my son—who assures me that the acting commissioner of the National Film Board is looking into this matter. I will give him about another week to take action; if no action is taken, I will speak then.

On motion of Senator Godfrey, debate adjourned.

The Senate adjourned until Thursday, February 23, 1984, at 2 p.m.

APPENDIX

(*See p. 249*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF STANDING JOINT COMMITTEE

Thursday, February 16, 1984

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

SECOND REPORT

Your Committee wishes to draw to the attention of both Houses the correspondence annexed to this Report.

For the reasons mentioned in its letter of March 18, 1983, to the President of the Treasury Board, your Committee renews its request to be designated pursuant to Section 75 of the *Access to Information* and *Privacy Acts*.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

ATTACHMENTS TO REPORT

March 18, 1983

The Honourable Herb Gray, P.C., M.P.
President,
The Honourable the Treasury Board,
House of Commons,
Ottawa, Ontario.
K1A 0A6

Dear Mr. Gray:

Re: Access to Information Act and Privacy Act

We thank you for your letter of December 21, 1982 in which you indicate the Privacy Act is to be proclaimed in force on April 1, 1983. This, and the likely proclamation of the Access to Information Act in the not too distant future, prompted a discussion in Committee with regard to Section 75 of these Statutes which allow for the establishment of Parliamentary Review Committees with a permanent mandate to review the administration of the Acts.

Members of the Joint Committee believe that our Committee should be designated under Section 75 of the Access to Information and Privacy Acts and have requested us to seek your support to this end. The Joint Committee on Regulations and Other Statutory Instruments has a long history of involvement in the areas of freedom of information and protection of privacy, going back to 1973, when the 'Guidelines for Motions for the Production of Papers', tabled in the House of Commons by the President of the Privy Council, were referred to it by that House. This Order of Reference was renewed in 1974, when the subject matter of Bill C-225, an Act respecting the right of the public to information concerning the public business, was also referred to our Committee. Finally, starting in early 1978, the Joint Committee studied the government's Green Paper on Legislation on Public Access to Government Documents' and issued a Report thereon in June of that year.

We consider the fact that both the Senate and the House of Commons are represented on our Committee, and the Committee's well-established tradition of non-partisanship, to be additional factors which militate in favour of the solution we propose.

For these reasons, we think the Joint Committee is in an excellent position to fulfill the mandate described in Section 75 of the Access to Information and Privacy Acts and we hope that, as the Minister responsible for the administration of these Statutes, you will support our views in this matter.

Yours sincerely,

PERRIN BEATTY,
Joint Chairman.

W. KENNETH ROBINSON,
Vice-Chairman.

April 29, 1983

The Honourable Perrin Beatty,
Joint Chairman, and
Mr. W. K. Robinson,
Vice-Chairman,
The Standing Joint Committee of the
Senate and the House of Commons
on Regulations and Other
Statutory Instruments,
c/o the Senate,
Ottawa, Ontario.
K1A 0A4

Dear Sirs:

Subject: Access to Information Act and Privacy Act

Thank you for your letter wherein you expressed the views of the members of the Committee on Regulations and Statutory Instruments that this Committee is the one which should be designated as the committee referred to in section *75* of the Access to Information Act and section *75* of the Privacy Act.

I have taken the liberty of sending a copy of your letter to the Government House Leader and to the Minister of Justice, who is responsible for the policy aspects of the legislation.

Yours sincerely,

HERB GRAY
President of the Treasury Board

May 12, 1983

The Honourable Mark MacGuigan, P.C., M.P.
Minister of Justice,
House of Commons,Ottawa, Ontario.
K1A 0A6

Dear Mr. MacGuigan:

Re: Access to Information Act and Privacy Act

By letter dated April 29, 1983 the Honourable Herb Gray informs us he has forwarded to you a copy of our letter of March 18, 1983 conveying our proposal for the designation of the Joint Committee under Section 75 of the Access to Information and Privacy Acts.

For the reasons explained in that letter, we hope you will support the Joint Committee's request.

Yours sincerely,

JOHN M. GODFREY,
Joint Chairman.

PERRIN BEATTY,
Joint Chairman.

W. KENNETH ROBINSON,
Vice-Chairman.

June 16, 1983

The Honourable John M. Godfrey, Q.C.
The Honourable Perrin Beatty, M.P.
Joint Chairmen
Mr. W. Kenneth Robinson, Q.C.
Vice-Chairman
The Standing Joint Committee of the
Senate and of the House of Commons on
Regulations and Other Statutory Instruments
c/o The Senate
Ottawa, K1A 0A4

Dear Sirs:

Thank you for your letter of May 12, 1983 concerning the Joint Committee's letter of March 18, 1983, which the Honourable Herb Gray has forwarded to me.

Please be assured that the matter of the designation of the Committee pursuant to section 75 of both the Access to Information Act and Privacy Act is under active consideration and that I am giving your Committee's views my full attention.

Yours sincerely,
MARK MacGUIGAN,
Minister of Justice.

May 12, 1983

The Honourable Yvon Pinard, P.C., M.P.
President of the Queen's Privy Council,
House of Commons,
OTTAWA, Ontario
K1A 0A6

Dear Mr. Pinard:

Re: Access to Information Act and Privacy Act

By letter dated April 29, 1983 the Honourable Herb Gray informs us he has forwarded to you a copy of our letter of March 18, 1983 conveying our proposal for the designation of the Joint Committee under Section 75 of the Access to Information and Privacy Acts.

For the reasons explained in that letter, we hope you will support the Joint Committee's request.

Yours sincerely,
JOHN M. GODFREY,
Joint Chairman.
PERRIN BEATTY,
Joint Chairman.
W. KENNETH ROBINSON,
Vice-Chairman.

September 13, 1983

The Honourable Perrin Beatty,
Senator John Godfrey,
Joint Chairmen,
and Mr. W. K. Robinson,
Vice Chairman,
The Standing Joint Committee of the Senate
and the House of Commons on
Regulations and Other
Statutory Instruments,
c/o The Senate,
Ottawa, Ontario.
K1A 0A4

Dear Sirs:

Thank you for your letters of March 18, 1983 and May 12, 1983 in which you expressed the views of the Members of the Joint Committee on Regulations and Other Statutory Instruments that your committee should be designated as the Parliamentary Review Committee with a mandate to review the administration of the Access to Information and Privacy Acts.

The Statutory Instruments Act makes clear that the Joint Committee's responsibility is to evaluate the acceptability of the form of proposed statutory instruments. To expand so substantially the mandate of your committee would run counter to the purpose for which it was originally set up. Moreover, such an expansion would jeopardize your committee's ability to fulfill its primary mandate as successfully as it has to date.

While a review of the circumstances surrounding the cases cited in your letter suggests that in each case there were good reasons for making an exception to the rule about your committee's mandate, these cases remain exceptions. It would not be appropriate in my view given the concern expressed above to suggest that another such exception should be made. The Acts, when they were last before the House, were referred to the Standing Committee on Justice and Legal Affairs after Second Reading because it was thought to be the most appropriate committee. I believe that it is still the appropriate committee.

Yours sincerely,
YVON PINARD,
President of the Privy Council.

THE SENATE

Thursday, February 23, 1984

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

Prayers.

TRANSPORT AND COMMUNICATIONS

NOTICE OF MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO ADJOURN FROM PLACE TO PLACE IN CANADA

Hon. Léopold Langlois: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

> That the Standing Senate Committee on Transport and Communications, which was authorized by the Senate on January 19, 1984, to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc., be empowered to adjourn from place to place in Canada for the purpose of such inquiry.

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

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, this notice of motion, as it appears on the scroll, deals with the intention of the committee to move from place to place. Would the mover please tell us whether it is the intention of the committee to do something between now and March 6 that would make it desirable to give leave this morning? If he has a good reason, then we will be prepared to listen to it; otherwise, perhaps it could be postponed until March 6 and dealt with in the regular way.

Senator Langlois: I have no objection to postponing it because we do not intend to meet outside of Ottawa before March 6 and possibly even later in the month.

Senator Roblin: In that case, perhaps we could deal with it on March 6.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, that is what I was going to suggest, so let us do it.

THE ESTIMATES

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

> That the Standing Senate Committee on National Finance be authorized to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1985.

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

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL ENERGY PROGRAM

ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO REVIEW

Hon. Earl A. Hastings: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

> That the Standing Senate Committee on Energy and Natural Resources be authorized to review all aspects of the National Energy Program, including its effects on energy development in Canada;
>
> That the committee have power to adjourn from place to place within Canada for the purposes of this review; and
>
> That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the above-mentioned purpose.

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

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not sure whether or not consistency is a virtue. In view of the fact that leave was asked for and granted on this particular motion and not granted with respect to others, I think my colleagues and I owe an explanation to the house why this is the case. It is because we are informed that this committee actually intends to begin its work, under these terms of reference, between now and March 6. Therefore, there is a very good reason for granting leave and allowing this committee to proceed with its labours.

Motion agreed to.

[*Translation*]

CANADIAN YOUTH

MOTION TO APPOINT SENATE SPECIAL COMMITTEE

Hon. Jacques Hébert, with leave of the Senate and notwithstanding Rule 44(1)(d), moved:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between fifteen and twenty-four years of age;

That the Committee be composed of twelve Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than March 1, 1985.

[*English*]

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

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am afraid we must ask the mover why he thinks he should be given leave today. This is a motion which will certainly require substantial consideration since it calls for the establishment of a new committee. Therefore, it does not seem to me to be a motion which has as its intent doing anything between now and March 6. Unless the honourable senator does not find it convenient to move his motion on March 6, or he has another reason which he would like to explain, I wonder whether it should be proceeded with now.

• (1110)

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, may I say that, if leave were granted to present this motion, it would not be our intention to ask for a vote or even to attempt to conclude debate on it today. Senator Hébert may correct me if I am wrong, but I believe he does have a problem regarding being here on March 6. Therefore, it should be understood that, if leave were granted, we would hear his explanation in support of the motion, and then adjourn its consideration.

Senator Roblin: Speaking to the point of order, if my friend tells me that he has a good reason for seeking leave, we shall certainly give it consideration. Otherwise, I must stick to the rules, in company with Senator McElman and a few others.

[*Translation*]

Senator Hébert: Honourable senators, I think that my reasons for asking the Senate's leave will become clear in the short speech I intend to make—only ten minutes!—which will explain the urgency of this matter.

I do not know the Rules well enough to be sure they allow me to take a few minutes of your time to set forth my reasons for proposing this motion.

[*English*]

Hon. Jacques Flynn (Leader of the Opposition): We agree, subject to the condition mentioned by the deputy leader that there would be an adjournment.

[*Translation*]

Senator Hébert: Honourable senators, at this very moment I envy the eloquence and power of persuasion of some of my colleagues here in the Senate today, and I regret that I lack this power to persuade and to reach both heart and mind.

Senator Flynn: We shall see!

Senator Hébert: And I shudder at the thought of failing to win the full support of each one of you for this motion, the first I have had the honour to present before this Chamber.

I shall do my best, however, and if I fail, I shall come back until I succeed in communicating my compassion for the truly unfortunate situation of youth in the 80s.

Like aspirants to the *Académie française* who must see each member of the Academy to argue their case, I promise, if necessary, to meet each of my honourable colleagues and try to persuade them that the motion presented today is no ordinary motion. If it is passed, it would help us exert considerable influence on the future of our country and change the course of events, which may well be the noblest mission of any politician worthy of the name.

First of all, allow me to recall some points I mentioned previously in my inaugural speech last December.

[*English*]

If I was a young man today, I would have to admit that this great country of ours, while rich and well developed, fails to provide employment to more than a million Canadians, half of them young people.

I do not pretend that unemployment is the sole cause for anxiety among today's youth; there are many other causes. For example: to begin life with the ever-present anguish of a nuclear conflict which would jeopardize the future of mankind itself; to be the helpless witness of the wasting of natural resources, the destruction of the environment, the population boom in Third World countries where already a third of the people are literally starving to death; to be constantly confronted with violence which erupts almost every day in some corner of the world.

No, unemployment is not the sole cause for anxiety among today's youth.

However, while it is a tragedy for any individual to be unable to find a job when one wants to work, it is a much more serious problem for a young person, who feels rejected, useless, unneeded, and this, at the very time he or she tries to become integrated within society.

In these circumstances, it should not come as a surprise to us if, out of sheer frustration, a number of young people turn to a life of crime or stupefying addiction to alcohol and drugs.

[*Translation*]

For many young Canadians between fifteen and twenty-four, the first labour market experience is unemployment. Many have nothing to offer a prospective employer, no job experience, not enough education, and such skills as they have acquired are becoming obsolete. During their formal education

and even afterwards, they have no idea what kind of job opportunities will be available.

During the last two decades—

—writes Kevin Kerr, a researcher, in an excellent study dated January 24 of this year,

> —youth unemployment (15 to 24 years old) increased by 13 percentage points, while the number of workers in the same age group increased by less than 6½ per cent. In 1981, this group represented a little over one quarter of the labour force and about 46 per cent of the unemployed in this country.

Since 1981, the situation has improved somewhat. In January 1983, "in real terms, 2,155,000 jobs were held by young people (1,409,000 full time and 705,000 part time), which means an increase of 59.8 per cent in relation to the total number of jobs."

At first glance, these figures would seem encouraging, but the truth is that youth unemployment is still at a much higher level than it was before the recession.

The present level is simply intolerable. If we accept it without taking drastic action right away, we will be sacrificing an entire generation. What this means for the future—

In recent years, and especially in recent months, the Government has increased the number of programs aimed at fighting unemployment among young people, and it has spent a considerable part of the Budget on such programs. There are those who claim it is not enough. However, everybody knows that in order to reduce by half, or even by one quarter, the present unemployment rate among young people, it would be necessary to invest huge sums of money, which means increasing an already considerable deficit and thus running the risk of causing an inflationary spiral and unsettling our still shaky economic recovery.

In that case, is there no solution at all?

Honourable senators, allow me to say I do not believe that. Solutions will not be easy to find, but they do exist, and I am convinced that a Special Committee of the Senate would be able to stimulate the imagination of many Canadians who, like us, are alarmed at the proportions of this social calamity, Canadians who are merely waiting for an opportunity to express their views.

[*English*]

Of course, it is hard to see how even the total combined efforts of the federal and provincial governments together with the private sector could, in the short term, find jobs for the approximately 506,000 unemployed Canadians aged 15 to 24. Older or experienced workers are the first to be hired, as we know, while these young Canadians, either lacking experience or being qualified in areas no longer in demand, are the last to be hired.

Yes, we should try to find real jobs for as many of them as possible. We should train them more and give them a better chance to find decent jobs when they again become available.

[Senator Hébert.]

But it also seems to me very important that the government enable young people who are interested—and there are tens of thousands of them—to serve their community through non-governmental agencies that can use young volunteers.

We can never repeat too often that it is not in school that young people get their ideas about politics and society. They develop them from strong, concrete human experiences in a surrounding which is open, real and where they can share responsibilities with other young people in co-operation with grown-ups. This is why it is necessary that young people be presented with projects that are fine and noble and which call upon their generosity and enthusiasm, and to suggest effective means for them to become useful and complete citizens.

• (1120)

When we speak of youth, naturally we are speaking of Canada's future. This is so vitally important that I am prepared to beg my honourable colleagues on both sides of this house to react favourably to this motion and to ensure that not one day will be lost in setting up the committee.

[*Translation*]

I realize that matters relating to youth come under the terms of reference of the Committee on Social Affairs, Science and Technology, but it seems to me that the scope of the study proposed in my motion would justify creating a separate special committee rather than a sub-committee. Furthermore, it would be a splendid gesture, received with even greater enthusiasm by Canadian youth and by the general public.

Honourable senators, if by some miracle, each one of us could imagine for one instant the disappointment, humiliation, frustration, anxiety and even despair, experienced daily and often for years, by hundreds and thousands of young Canadians, I would not have to argue their case one minute longer!

I know that many senators are busy with, and concerned by, other problems that are important to the future of this country. But I am also convinced that not one of my colleagues would hesitate to endorse a motion that would not only bring some hope into the lives of an entire generation on the brink of despair, but also give the Senate a chance to show once again it is capable of taking a major problem, examining it thoroughly and proposing solutions that are both imaginative and sound.

Honourable senators, allow me to let my enthusiasm conclude this speech on the inevitable lyrical plane: By creating this Special Committee on Youth, the Senate, so often criticized in this day and age, will be able to show it still can be Canada's conscience.

On motion of Senator Murray, debate adjourned.

[*English*]

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday, March 6, 1984, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

VISITORS IN GALLERY

FRENCH PARLIAMENTARIANS

The Hon. the Speaker: Honourable senators, I wish to draw the attention of the Senate to the presence in our Gallery of two visitors from France: Senator Adolfe Chauvin, a long-time expert in France-Canada relations—

Hon. Senators: Hear, hear!

The Hon. the Speaker: —and Madame Véronique Niertz, the Seine-Saint-Denis Member of the French National Assembly.

Hon. Senators: Hear, hear!

The Hon. the Speaker: On your behalf, I extend to them our warmest welcome and I hope that after following our proceedings, they will realize that we are looking after the interests of all Canadians.

QUESTION PERIOD

[*English*]

JUSTICE

WRONGFUL IMPRISONMENT—CIVIL LIABILITY

Hon. Nathan Nurgitz: Honourable senators, I asked a question on November 17 last, in the last session, which has not yet been answered. Needless to say, if I do not repeat the question it will remain unanswered.

My question is for the Acting Leader of the Government and relates to the Don Marshall case in Nova Scotia. Does the Department of Justice have a legal opinion on the question of civil liability when a person is wrongfully convicted by a federally-appointed judge, albeit in a provincial court room in a justice system administered by the province? In the event of an error, has it assessed where civil liability lies?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I know that subject has been raised in the other place and, certainly, the interest in it has not died. I will try to get up-to-date information.

TRANSPORT

NEWFOUNDLAND—PORT OF ST. JOHN'S—FINANCIAL ASSISTANCE

Hon. John M. Godfrey: Honourable senators, I have a question for the Acting Leader of the Government. A couple of mornings ago, while watching *Canada AM*, I saw Mr. James McGrath, the member for St. John's East, who was complaining because the two constituencies of St. John's had not received any grants or assistance under the small harbours legislation.

My question is whether or not that magnificent harbour of St. John's qualifies as a small harbour and is, therefore, eligible for such a grant.

Hon. Jacques Flynn (Leader of the Opposition): You should write to Mr. McGrath if you want to engage in a debate with him.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have no intention of describing St. John's Harbour as a small harbour, for any purpose. However, I shall try to find out if there is any technical reason or wording relating to this question of grants to small harbours and to St. John's Harbour.

Hon. C. William Doody: Honourable senators, for the sake of the record, I should say that St. John's Harbour is certainly not the harbour to which the Honourable James McGrath was referring. There are literally hundreds of harbours in St. John's East and St. John's West, which fishermen use to ply their trade. These are the harbours that are in need of assistance under the small harbours legislation and that are not getting them because they are Tory districts.

Senator Frith: I will take both of those comments as notice.

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

REGIONAL DEVELOPMENT AGREEMENTS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have the reply to a question asked by Senator Tremblay about regional development agreements. The information is as follows: Economic and regional development agreements (ERDA's) have already been signed by the federal Government and the Province of Manitoba on the one hand and the federal Government and the Province of Saskatchewan on the other hand. Negotiations are under way with the other Canadian Provinces with a view to having an ERDA signed with each one of them. The federal Government hopes to have these ERDA's signed in the near future.

With respect to the discussions with the Quebec Government, the Minister of State for Economic and Regional Development, Mr. Johnston, has already met Mr. Gendron and Mr. Parizeau, and the officials of both levels of Government have also met to discuss the agreement. Mr. Johnston is expected to have another meeting in the near future with his Quebec counterparts to resume negotiations.

• (1130)

[*English*]

EMPLOYMENT AND IMMIGRATION

SPECIAL EMPLOYMENT INITIATIVES PROGRAM—LIST OF PROJECTS TABLED

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, regarding a question asked by Senator

Phillips on February 7, 1984, concerning a list of projects approved under the Special Employment Initiatives Program, the Minister of Employment and Immigration has provided me with a comprehensive list of over 50,000 projects approved for funding under the Government of Canada's job stimulation program, including the list of special employment initiatives projects.

With leave, I now table, in response to Senator Phillips' question, two copies of:

> Comprehensive list of projects approved for funding under the Government of Canada job stimulus programs including a list of special employment initiative projects, being a reply to Senator Phillips' question of February 7, 1984.—Sessional Paper No. 322-82.

Hon. Duff Roblin (Deputy Leader of the Opposition): Might I ask my honourable friend whether this is the material that was tabled with such éclat in the other place?

Senator Frith: Honourable senators, I did not see it tabled. I have heard the word "éclat"—or a synonym of it—applied to the way in which it was tabled there. I intend to table the material as modestly as possible. Whether that comes up as understatement in the form of éclat, we will see, but I will say that I have no ribbons, just the material.

Senator Roblin: I think my honourable friend's modest attitude is most becoming, in the circumstances.

Senator Frith: The accomplishments speak for themselves. That is why I am trying to be as "éclat-less" as possible. As a matter of fact, honourable senators will notice that, rather than being wrapped with ribbon, the packages are wrapped in plain brown paper.

Senator Roblin: The wrapping suits the contents; there is no doubt about that.

Hon. Jacques Flynn (Leader of the Opposition): Discretion is the better part of valour.

Senator Frith: We are sorry if these 50,000 items of good news turn out to be bad news for anyone.

BRITISH COLUMBIA INDIAN CUT-OFF LANDS SETTLEMENT BILL

THIRD READING

Hon. Paul Lucier moved the third reading of Bill C-18, to provide for the settlement of claims by Indian bands in British Columbia relating to certain lands cut off from their reserves.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

[Senator Frith.]

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

February 23, 1984

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 23rd day of February, 1984, at 12.45 p.m., for the purpose of giving Royal Assent to a certain Bill.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière

The Honourable
The Speaker of the Senate
Ottawa

[*Translation*]

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (JUAN ANDRADE AND EMILIA RODRIGUEZ)—SECOND READING

Hon. Fernand-E. Leblanc moved the second reading of Bill S-6, to provide an exception from the public general law relating to marriage in the case of Juan Andrade and Emilia Rodriguez.

He said: Honourable senators, on February 2, 1984, in this chamber, I moved second reading of Bills S-2 to S-5 inclusive. In speaking to Bill S-3, I reviewed for you the state of the law in Canada with respect to prohibitions against marriage between related persons. In particular, I underlined for you that, in this area, only Parliament is competent to act. Each of Bills S-2 to S-5 would exempt from the law prohibiting marriage a couple related by consanguinity. Bill S-6, which I address today, would exempt from the law prohibiting marriage a couple related by affinity.

Juan Andrade and Emilia Rodriguez are related as brother-in-law and sister-in-law, she being the sister of his divorced wife, Maria Rodriguez. As early as 1882, Parliament amended the law in order to permit marriage between a widower and his sister-in-law. However, the wording of the amendment reflected the social reality of the time. As such a marriage would clearly depend upon the prior termination of the first marriage, the amendment was worded to allow the marriage only in the event of the death of the man's wife. The amendment is still with us in that form in the *Marriage Act* today. In the intervening period, however, social reality has changed and divorce has become almost as common a cause for the termination of a marriage as death.

Honourable senators, it seems to me that when the law conditions the capacity of two persons to marry on the death of

a third person who is a sister to one and a former wife to another, the law creates a most unhealthy family situation. I can see no reason why, when the law expressly allows a man to marry the sister of his deceased wife, and when it subsequently expressly allows a man to divorce his wife, it does not carry through to the logical conclusion and allow him to marry the sister of his divorced wife. I suggest that it should.

The question of an amendment to the public general law on this issue is already before the Standing Senate Committee on Legal and Constitutional Affairs by virtue of the subject-matter reference of February 9. My motion today is that one particular couple be not kept waiting while the committee does the in-depth study that must always precede an amendment to the public general law. I move that this private Bill be read a second time and sent to committee so that it may be disposed of and the couple sent on their way expeditiously.

Honourable senators, I thank you for your attention.

Hon. Jean-Paul Deschatelets: Honourable senators, I have a question for Senator Leblanc. I am in no way objecting to Bill S-6, which you mentioned earlier, being referred to committee.

As you know, Bills S-2 and S-5 were considered in committee yesterday. This makes a total of four Bills in addition to the two referred this morning. Could you tell me if you anticipate introducing additional petitions of this nature?

Senator Leblanc: Two petitions were tabled today. They will then become Bills. We shall be receiving two more later on. I think that this completes the present list, but I could be wrong. At the second reading stage of Bill S-3, I announced that additional petitions were being considered in the Law Clerk and Parliamentary Counsel's office.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to add one thing. Senator Leblanc has explained that the general law is defective. Of course, this is what the Committee on Legal and Constitutional Affairs must consider. I see no problem in referring Bills S-6 and S-7 to committee.

Once again, all the arguments raised to support this series of private Bills are in favour of amending the general law. The Committee will decide whether this Bill must be dealt with differently from those now before it.

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

Senator Flynn: On division.

Motion agreed to, on division.

REFERRED TO COMMITTEE

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

Senator Leblanc moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

MARRIAGE LAW EXEMPTION (HENRI PATRY AND ALDÉA BÉA PITT)—SECOND READING

Hon. Fernand-E. Leblanc moved the second reading of Bill S-7, to provide an exception from the public general law relating to marriage in the case of Henri Patry and Aldéa Béa Pitt.

He said: Honourable senators, the petitioners, Henri Patry and Aldéa Pitt, are related as brother-in-law and sister-in-law, he being the brother of her divorced husband, Rosaire Patry. Honourable senators have heard me speak to Bill S-6; the considerations relating to Bill S-7 are, in my view, identical.

Honourable senators, I thank you for your attention and commend my motion to you.

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

Hon. Jacques Flynn (Leader of the Opposition): On division.

Motion agreed to, on division.

REFERRED TO COMMITTEE

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

Senator Leblanc moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

• (1140)

[*English*]

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, I have had consultations with my leader and I have an indication that I hope will not disappoint my colleagues. Since I will not have time, because of Royal Assent, to conclude my remarks, and will not even get to "secondly"—and we all know that "fifthly" is the most important one—I propose to keep this speech to my bosom for another week. Therefore, I ask that the order stand.

Order stands.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF STANDING JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the First Report of the Standing Joint Committee on Regulations and other

Statutory Instruments, which was presented on February 21, 1984.

Hon. John M. Godfrey moved that the report be adopted.

He said: Honourable senators, this report is exactly the same as previous reports from this committee adopted by the Senate, with one exception. Before this report the provision was that a quorum be five members for votes and three members for hearing evidence. Because of the rule established by Senate committees that a quorum be four for votes, owing to the fact that we have run into difficulty in the past trying to get a quorum of five and since the committee operates on the consensus and understanding that, if there is any dispute, it will not be solved until a reasonable number of the members are present, the committee is recommending that the quorum be four rather than five. Otherwise, this report follows the reports of the past.

I would like to take this opportunity to talk a bit about the committee and I would like to point out some of the 15 criteria provided for in the mandate of the committee. The first one is that the committee must decide whether or not regulations are *ultra vires*. Eight of the balance of the criteria deal with human rights, so, really, other than the first criterion dealing with *ultra vires*, the committee's most important job is human rights. Out of these urgent criteria I would cite three by way of illustration. The fifth one states that the committee must decide whether or not the regulation trespasses unduly on the rights and liberties of the subject. In the eighth one the committee must determine whether the regulation appears for any reason to infringe the rule of law or the rules of natural justice. The thirteenth one states that the committee must determine whether the regulation is in conformity with the Canadian Charter of Rights and Freedoms or the Canadian Bill of Rights.

Human rights is a particular interest of mine. I was deeply disappointed that the Special Joint Committee on Senate Reform did not emphasize the role the Senate could play in this area, a role which is played very actively and vigorously by the Australian Senate, as I have pointed out on numerous occasions in the past. It does not matter whether the Senate is appointed or elected, it should take a particular interest in this area. If we took a stand on the subject of human and civil rights in any bill, we would have sufficient political support that the government would pay attention to us. I think a perfect example of that was the bill on gating that came before the Legal and Constitutional Affairs Committee, and Senator Nurgitz will remember it. There was a provision that permitted the gating of prisoners on the recommendation of the Parole Board. But on the basis of civil rights the committee insisted that the Parole Board be required to go before a court to have any recommendation or decision to gate approved. We dug in our heels. Originally, the minister was not prepared to accept such a proposal, but when we dug our heels in he accepted it and proposed the appropriate amendment.

Hon. Nathan Nurgitz: Then he let the bill die.

Senator Godfrey: In any event, we got our way because it was a question of human rights and because the minister knew, and we knew, that we would have the support of the public.

On the same subject, I must confess my disappointment at failing so far to attain something where the Australian Senate has led the way. Last February 9, I proposed a motion in which I said that the Standing Joint Committee on Regulations and other Statutory Instruments should look at bills to determine whether or not they offend the Charter of Rights and Freedoms and should draw to the attention of the committee dealing with the bill the possibility that it so offends it. I did not get very far as I was not able to persuade the powers that be. However, it was suggested to me that, instead of the Regulations and other Statutory Instrument Committee being given this power, the Legal and Constitutional Affairs Committee should be given the power and that it would have more chance of being accepted. I spoke to the chairman of the committee, Senator Neiman. She was very enthusiastic about the idea and moved a motion to replace the motion I had moved on May 24. I was prepared to withdraw my motion, but there was some objection and through a technicality it remained on the Order Paper. We will celebrate tomorrow the anniversary of the ninth month since Senator Neiman gave notice of that motion, but of course, she never actually got around to moving it and the motion died at the end of the last session. Since then nothing has been done. I have continued gently to prod Senator Neiman, asking her what she was going to do about it. Her enthusiasm seemed to wane and nothing happened. Here again is an area in which we can find all sorts of precedents in the Australian Senate that indicate that we should do exactly the same thing.

• (1150)

I have another example in the field of human rights where no action has been taken. On April 21 I made a motion in connection with enabling clauses of bills. At that time I pointed out that a cabinet directive had been approved on April 16, 1981, stating that departments should observe that care is taken to ensure that the statute is not couched in unnecessarily wide terms with respect to regulation-making powers. The following was also stated:

> Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that it sought. These powers include the following:
>
> (a) power to make regulations that might substantially affect personal rights and liberties;

My motion was adjourned by Senator Langlois on the request of Senator Frith, I believe, and nothing happened with respect to it.

I am using this occasion to point out that, so far as I am concerned, I still have hopes that I may be successful in this respect. Obviously, I lack the talent of persuasion of Senator Missen, who proposed the motions in the Australian Senate

that I have referred to and who was magnificently successful where I have failed miserably.

Hon. Jean-Paul Deschatelets: Senator Godfrey, as co-chairman of the Joint Committee on Regulations and other Statutory Instruments, did you try to convince the members of that committee of the advantage of having regard to any clauses of the Bill of Rights that would not be protected in some bills we receive? Do you not think this joint committee should be the device to achieve this end? You have already explained that you have a tradition and so forth. What objection is there to the members of your committee doing precisely the job you would like the Legal and Constitutional Affairs Committee to do?

Senator Godfrey: The members of my committee are very eager to do the job. I was told that the powers that be were frowning upon it. As far as I am concerned, I want the job to be done no matter which committee does it. I happen to think that the Regulations Committee can do the best job since on its staff are two lawyers who look into regulations to determine whether or not they offend the Charter of Rights and Freedoms.

In fact, what I proposed to Senator Neiman was that, if her committee took on this job, then it could use the lawyers from our committee to do the detail work. No senator has the time to go through all the bills to see whether there might be infringements to the Charter of Rights and Freedoms. We must rely on staff to do the digging and to draw possible infringements to our attention. Then we can make a decision after they have reported to us. I even spoke to the Minister of Justice about my proposal and he seemed to think it was a good idea that the staff of our committee be used by the Legal and Constitutional Affairs Committee. However, nothing has happened.

Since there is no point in pursuing the matter further with the Legal and Constitutional Affairs Committee, what I propose to do is to reintroduce my original motion and ask that the joint committee be given this power. I am not giving formal notice of that motion today; I will be doing that in the coming weeks.

Senator Deschatelets: As far as I can see, having your joint committee deal with this aspect of the Bill of Rights would permit it to act at the beginning when a bill is introduced. If you give this matter to our Legal and Constitutional Affairs Committee, we will then have to wait until the bill is passed in the Commons before it reaches us here for approval. That is why I think you should do your best to convince your colleagues on the joint committee to add this aspect to the work you are doing.

Senator Godfrey: In fact, the notice given by Senator Neiman provided that the committee look into the matter immediately—that is, any bill introduced in either the Senate or the House of Commons. Therefore, there would be no particular advantage to our committee looking after this issue.

I wish to emphasize again, honourable senators, that our committee would not in any way make a decision with respect to whether or not there are infringements. We would merely draw to the attention of the committee considering a bill whether or not there is a possibility of an infringement in order that it would not be overlooked. That is all I intend to do.

The Department of Justice takes the attitude that, since their officials look into this matter, we can rely on them. However, I still feel there should be some specific consideration by the legislative branch. Members of committees do not have the staff to look through all the fine print to determine whether or not there is some technical breach, or something else which could be an infringement with respect to the Charter of Rights and Freedoms. You need staff for that purpose. My committee has the staff and we were prepared to lend it to the Legal and Constitutional Affairs committee. Since the chairman has shown no interest with respect to this matter, I will renew my motion.

Hon. Senators: Hear, hear.

Hon. Gildas L. Molgat: Honourable senators, I would like to address a question to Senator Godfrey. I believe he mentioned in his comments that the Special Joint Committee on Senate Reform had not considered the matter of statutory regulations.

Senator Godfrey: I was referring to human rights only. I attended one of the meetings of the Senate Reform Committee when Mr. MacGuigan, the Minister of Justice, was giving evidence. There was no mention of human rights as an area in which the Senate might take an interest, although Senator Frith in the speech he gave on Senate reform mentioned human rights as one of the five areas we should be interested in. Mr. MacGuigan did not think it was very important, and, obviously, neither did the committee, even though the Senate in Australia boasts about the fact that this is one of their main functions by which they can make a contribution.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Senator Godfrey phoned me before the proceedings commenced this morning. He told me he would be proposing a routine motion. He did not tell me he would be making a modern day Gettysburg address in its support. I take it that most of what he has said today is in support of the motion that will be coming forward in due course.

Senator Godfrey: That is right.

Senator Frith: However, what we are considering today is giving that committee exactly the powers it has had since time immemorial.

Senator Godfrey: That is right. I am using this opportunity to explain the functions of the committee.

Senator Frith: Then I support the motion.

Motion agreed to and report adopted.

SECOND REPORT OF STANDING JOINT COMMITTEE—MOTION FOR ADOPTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the second report of the Standing Joint Committee on Regulations and other

Statutory Instruments, which was presented on Tuesday, February 21, 1984.

Hon. John M. Godfrey moved the adoption of the report.

He said: Honourable senators, the intention of this report is to draw to the attention of the Senate and to the House of Commons a request made by our committee in March of last year. A copy of a letter to the Honourable Herb Gray and his reply appears in the report. The request was made under section 5 of the Access to Information and Privacy Acts. We pointed out in the letter to Mr. Gray that the Joint Committee on Regulations and other Statutory Instruments has a long history of involvement in the areas of freedom of information and protection of privacy going back to 1973, when the "Guidelines for Motions for the Production of Papers" were tabled in the House of Commons by the President of the Privy Council and were referred to it by that house.

The order of reference was then renewed in 1974, when the subject matter of Bill C-225, respecting the right of the public to information concerning the public business, was also referred to our committee.

Bill C-225 was a private bill of Mr. Jed Baldwin, whom we all recognize as the father of freedom of information. Mr. Baldwin was a member, and subsequently the joint chairman, of the Standing Joint Committee on Regulations and other Statutory Instruments.

• (1200)

The government then issued a green paper on freedom of information and, starting in early 1978, the joint committee studied the government's green paper on legislation on public access to government documents and issued a report in June of that year. I might say, in connection with that study, that we spent three days in Washington, and, as a result of that trip, I returned to Canada thoroughly sold on the subject of freedom of information. Thereafter, the committee took a very strong stand against the implied recommendations of the government contained in that green paper with respect to whether or not such matters would be appealed through the courts.

After that trip to Washington, I became very concerned about the amount of litigation that was going on in the United States, and I proposed that we have an information officer interposed between the decision-making of the minister and the courts. In that way, the information officer, without any real authority, could resolve at least 95 per cent of the disputes, but there would still be an ultimate appeal to the courts. I personally debated the issue on various public platforms with government representatives and others at such gatherings as Canadian Bar Association meetings and so on.

The former Liberal government was not prepared to accept the idea of an appeal to the courts. However, when the Conservative government came in the Honourable Walter Baker, who was a member of our committee, sponsored the first bill in which the Conservatives adopted the idea of having an information officer with an ultimate appeal to the courts, and that was approved. Finally, the Liberal government went along with this when they introduced their bill.

With all our years of experience, and taking into account the enthusiasm displayed by some of our members, it seemed to me that our committee would be the obvious choice to study this matter. However, I received a letter from Mr. Yvon Pinard, dated September 13, 1983 in which he said:

> To expand so substantially the mandate of your committee would run counter to the purpose for which it was originally set up. Moreover, such an expansion would jeopardize your committee's ability to fulfill its primary mandate as successfully as it has to date:

Honourable senators, all I can say to that is: Hogwash!

Hon. Royce Frith (Acting Leader of the Government): I am sure he feels the same way about you.

Senator Godfrey: I am not referring to Mr. Pinard personally, of course. I only hope he feels the same way about my arguments.

When I was first appointed to this committee, we met every other Thursday morning and Thursday afternoon at 3.30 p.m. In fact, I was criticized by some of my fellow senators because it was noticed that I disappeared from this chamber at 3.25 p.m. on Thursdays and they thought that I was heading for the airport. In fact, I was heading for Room 112-N for a meeting of the regulations committee.

During the years when we were considering freedom of information we would sit on Tuesday evenings, and we had no difficulty handling both. Now, since we have become more expert on these questions, our meetings progress much more quickly, particularly when we do our homework ahead of time. I, personally,—and Mr. Perrin Beatty, the joint chairman and others—do about one inch of reading before each meeting. Because of all of these things, we are in the situation now where we only meet every other Thursday morning, so that we have all the time in the world to undertake this job.

I know that we are not very popular with the government, and for a very good reason. The sole task of our committee—and the only time we issue a report—is to criticize the government.

Hon. Jacques Flynn (Leader of the Opposition): Senator Frith does not like that at all.

Senator Godfrey: Having said that, I would not want anyone to think that we are only effective when we criticize the government. We find some of the departments very co-operative. I would say that 60 or 70 per cent of the time we negotiate a satisfactory settlement with a department. However, even though we have no actual powers, every now and again we do tread rather heavily on the toes of the government. We have always operated on a completely non-partisan basis. In the ten or eleven years in which the committee has operated, we have had only two recorded votes when there was a dissent. We operate by consensus. I am therefore putting in a plug for our committee to be the one to consider this matter, as opposed to the overloaded Justice Committee in the House of Commons, which I understand would have difficulty finding the time to do this job.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I believe that Senator Marshall's Motions Nos. 1, 2 and 3 stand, as does Motion No. 4. However, since we are adjourning, I would ask for leave to make a comment for the record on Motion No. 4.

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

Hon. Senators: Agreed.

Senator Frith: With respect to Senator Marshall's Motion No. 4, which reads:

> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the ongoing effects of the restructuring of the fishing industry in Atlantic Canada.

I advise honourable senators that, when that motion comes forward, I shall move, in amendment, that the words "the Standing Senate Committee on Agriculture, Fisheries and Forestry" be deleted and that the following be substituted therefor:

A special committee to be named at a later date.

Therefore, when Senator Marshall moves his motion upon our return, what will be before us will be a decision as to whether the subject—which both Senator Marshall and I agree needs study—should be studied by a special committee or the named standing committee.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Julien Chouinard, 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 Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

> An Act to provide for the settlement of claims by Indian bands in British Columbia relating to certain lands cut off from their reserves. (*Bill C-18, Chapter No. 2*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 6, 1984, at 2 p.m.

THE SENATE

Tuesday, March 6, 1984

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

Prayers.

THE HONOURABLE H. A. OLSON, P.C.

FELICITATIONS ON RETURN TO CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I believe that I am entitled to be the first to rise to say how pleased we are to see that our friend Senator Olson is over his affair of the heart and is back leading his army.

It would not be very macho for a couple of warriors to be comparing notes on their respective ailments. Suffice it to say that I am just as pleased to see that his plumbing job was a success as I was when I learned that my problem could be solved with a mere dose of Drano.

I am sure that the Leader of the Government has been advised by his physicians, as I have been by mine, not to allow himself to become too emotional over what transpires in this chamber. I am equally certain that the good senator plans to pay as much attention to those recommendations as I do. Therefore, the Senate can feel secure in the thought that our debates will henceforth be characterized by the epitome of calm and wise reflection. Not a provocative thought will we harbour and not a word will we utter in anger. When we are bored silly with all this care and reserve and when we have become so even-tempered that even our best friends do not recognize us, then the gloves will come off, the accusations will fly, the language will regain its colour and the Senate will again become that boisterous arena for the exchange of profound and exhilarating thoughts that it has always been.

I am certainly glad, Senator Olson, that we are both back, as the alternative was just too morbid to contemplate.

Hon. Senators: Hear, hear.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to express my gratitude for and appreciation of the remarks of the Leader of the Opposition, which I know are absolutely genuine and sincere. I should also like to say how pleased I am to see him here in apparent good health. His condition can be described as being at least equal, if not superior, to the condition he appeared to be in when he had to be absent for some repairs. As a matter of fact, as I walked into the chamber today I heard it expressed that both of us seem to have recuperated even beyond the point we were at when we had to leave for a few days. That may sound facetious, but I am sincerely happy to see the Leader of the Opposition in that condition.

Honourable senators, I should like to say one or two other things about what has happened since November 24, the last day on which I was present in the chamber. I want to express my appreciation to all honourable senators on both sides of the house and, indeed, to many people outside this chamber for their many sincere, good wishes and prayers during the period I was in and out of hospital. I had never been through a period of illness and had certainly never been confined to hospital before, so it was a new experience for me. Such kind messages are an enormous help in the psychological situation one faces at such a time. I appreciate it very deeply.

I should also like to express my appreciation and gratitude to those of the medical profession at the National Defence Medical Centre and the Civic Hospital, where the medical, surgical and convalescent teams assisted me. Having taken a great deal of interest in cardiovascular problems and their correction, I seriously believe that the team we have in this city is among the best in the world.

Hon. Senators: Hear, hear.

Senator Olson: I was most impressed by the manner in which other patients and I were treated. We can take a great deal of pride in the fact that today some of the leading technology available to people all over the world was developed right here in Canada. I am most appreciative of that.

Hon. Martial Asselin: We also have a good team in Quebec City.

Senator Flynn: They had to be!

Senator Olson: Of course, there are good teams in other centres, but I just wanted to acknowledge the excellence of the team in this city.

I also want to respond to the Leader of the Opposition by telling him that, while all that kindness is deeply appreciated, I do feel it one of my obligations to keep life interesting for the opposition. As soon as we can move to the stance the Leader of the Opposition indicated, which may be coming fairly soon, that will put both of us back into the rut we understand and we will be able to conduct ourselves accordingly.

In conclusion, I reiterate that I very much appreciate all the kind wishes I have received from honourable senators.

Hon. Senators: Hear, hear.

Hon. Jack Marshall: Is the Leader of the Government aware that while he was away he was missed so much and the pressure became so great on the Prime Minister that he had to resign?

Hon. Royce Frith (Deputy Leader of the Government): The Leader of the Government just happens to have his "music" with him!

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU

TRIBUTES ON RESIGNATION AS LEADER OF THE LIBERAL PARTY OF CANADA

Hon. H. A. Olson (Leader of the Government): Honourable senators, as Senator Frith has just said, I happen to have my notes with me. I am not sure I agree with what Senator Marshall has just said, although this is the first time the Senate has met since the Prime Minister made the announcement that he had asked the President of the Liberal Party of Canada to make arrangements for a leadership convention. I need not go through the history of that, since the subject has been predominant in the media ever since.

I should like to make reference to what I believe many of you will agree has been one of the most turbulent periods in Canadian history. Much of that turbulence has indeed resulted in significant improvements in the Canadian economic and political structure.

As most honourable senators know, I was a member of the cabinet sworn in on July 6, 1968, immediately after the Prime Minister's election to the leadership of the Liberal Party of Canada. Therefore, his career and mine have occupied the same era, although I was not in cabinet during the entire period.

Throughout the past 16 years, he has taken the lead in achievements that are extremely important to Canada—such as the patriation of the Constitution, which is something that various prime ministers and other responsible ministers had been trying tc achieve for 57 or 58 years. I should also mention the Charter of Rights and Freedoms, which resulted from the patriation of the Constitution. There are still some problems involved in its application, but it, too, represents the culmination of what had been attempted many times before.

• (1410)

Not all of the past 16 years have been pleasant. All honourable senators remember the crisis in Quebec in October 1970, which was, I think, handled in a way that indicated the kind of leadership this man could provide. Such leadership has also been demonstrated in other areas. We know, for example, that the Crow rate for grain out of western Canada had been examined for a long, long time by many governments and many people in the industry. It required a great deal of political courage to tackle that problem. Now the new measures are in place and everything is running smoothly.

I could go over a number of other matters, such as the referendum in Quebec—

Hon. Jacques Flynn (Leader of the Opposition): Yes, I would like to go over that, too.

Senator Olson: Yes, but there are many people in this country who believe that that was a tremendous achievement on the part of this Prime Minister and his government. I think it is also fair to say that, in such a turbulent period, there will always be intense feelings on both sides of a question. That does not make it any easier to solve, but it certainly is a tribute to the man's courage and determination that he would do what was in the best interests of the country. I doubt that we will find that kind of person soon again; perhaps Canada will not need that kind of person because those kinds of problems will not be facing us. In my view, however, he was the right person with the right attitude—the attitude required to deal with the situations that have arisen over the past 16 years.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I should like to add a few words to what Senator Olson has said in paying tribute to the Prime Minister of this country, the Right Honourable Pierre Elliott Trudeau.

To me, *the* accomplishment of his career has been to keep this country together under very difficult circumstances. Although there have been great differences of opinion on the language issue in the province of Manitoba in recent weeks—and, I say, regretfully, in my province of Saskatchewan—I believe there has been a change in the attitude of many, if not most, of the people towards the question of bilingualism and the use of the French language. In Saskatchewan there is a great deal of support for French language instruction in our schools. There is a great demand on the part of the parents to have their children enrolled in French immersion courses in school, and there has been a growing response to that demand.

Over the years the Prime Minister has stood firm in his support of social programs in Canada—programs that are the very fabric of this nation.

Honourable senators, I came into the cabinet as a member of the Senate. As I travel around this country and talk to people, one of the questions put to me is: Is it really possible for a senator to operate within the cabinet circle on any basis of equality with cabinet ministers who are members of the House of Commons? I believe the answer is yes. From my first experience in the cabinet as the minister responsible for the Canadian Wheat Board dealing with the question of a partial grain embargo, the Prime Minister was extremely supportive of my recommendation that the partial grain embargo with regard to the Soviet Union should be lifted. It was lifted. Compensation was made and we went on to expand that market, as well as other markets, to the greatest quantities in history.

From the point of view of the people of Saskatchewan, there has been real recognition of some of the economic needs of that province—the Regina airport; Agrivision, a tremendous development for Saskatoon and Regina; the hydrology laboratory at Saskatoon and the biotechnology institute. But of all the areas in which progress has been made during my time in cabinet, I am most satisfied and pleased with the attitude of the Prime Minister and the government toward the co-operative movement in this country. There is growing recognition of its important place and its potential for an improved, expanded and meaningful role in economic and social development in the years ahead. As I see this recognition of the co-operative movement and its development within society, it is the development of a new attitude and a new method of economic production, innovation and delivery of services. A team of people with equal representation from the francophone and

anglophone communities is being put together to review what has been done and to make recommendations on how the co-operative movement may serve Canada all the better in the years ahead. In this initiative the Prime Minister has been most supportive, as indicated by his role in the development of Co-enerco, the Co-op Energy Corporation of Canada.

The Prime Minister's peace initiative in recent weeks is paying great dividends to all mankind. I consider it a great privilege to have worked with Prime Minister Pierre Elliott Trudeau. I believe that he will go down in history as the greatest of our prime ministers.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I want to join with my cabinet colleagues—

Hon. Martial Asselin: Where is Senator Perrault?

Senator Austin: —on this occasion in saying a few words on the contributions of Prime Minister Trudeau to Canada. No prime minister, no political leader can be successful without a dream. In the case of Prime Minister Trudeau he had a dream for a united, tolerant and compassionate society in Canada. His dream was that we could be the best of societies in the world and that we must strive for that quality. In short, his dream was for a just society. History will decide how well he pursued his dream and what he accomplished for Canada.

For me, serving with him was an opportunity to serve that dream and to watch his brilliance and courage in executing it. I will remember this period of service as a period of greatness on the part of the Canadians who joined with the Prime Minister in what he sought to do for Canada.

Hon. David Croll: Honourable senators, this is a historic occasion for Canada; certainly a momentous one for the Liberal Party and for those of us who have loyally supported the Prime Minister for over 16 years. I was one of three senators—the others being Senator Fournier, who is no longer with us, and Senator Cook—

• (1420)

Senator Asselin: But Senator Cook is no longer with the same party.

Senator Croll: —who supported the Prime Minister when he ran for office.

I feel I was ever so right. History will confirm the view I held then—one which I still hold. I have served under six prime ministers; I have an opinion of each. My views about them are strong and definitive. I liked Louis St. Laurent and Lester Pearson and to them I now add Prime Minister Trudeau: they are the charmed three.

Prime Minister Trudeau had a much more difficult task than the others and he did an excellent job. He worked hard. He will long be remembered for his attainments. He brought excitement and new values to the political life of this country.

He left his mark on the scene: The Constitution and the Charter of Rights. He welcomed minorities and he understood native people, and there are other matters he gave his attention to, but this is not the occasion to go into them. Moreover, he demonstrated that Quebec belongs in Canada, which is not a bad legacy. He showed us that Canada belongs to Canadians politically and economically. He did this, first, by bringing the Constitution to Canada and, then, by bringing about a greater measure of economic independence in this country.

I speak for myself, and I speak for my friends across the country who think as I think, when I say that this country has gained from his leadership. We thank him and wish him the best.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I know there are many senators who wish to speak, but I want to say something more about Prime Minister Trudeau the man.

As to his many accomplishments listed for us today, we know that some people do not agree with all of them. As a Liberal, everything in his record is something to be proud of. In many cases I have been inspired by these accomplishments. However, I know all Canadians do not agree with me—at least not now. Yet, these accomplishments are symptomatic of what I think most Canadians will agree with—Prime Minister Trudeau is a man of character with all of the qualities of a really great leader—a great outstanding leader of men; well educated; of superior intelligence; impeccably honest, and one whose ideas are inspiring, as Senator Austin has said. He is a person of exceptional strength and courage. His ability to lead has made most Canadians proud of their country, whether at home or abroad, and proud of the fact that a man of such exceptional qualities has led this country for so long.

For me, Prime Minister Trudeau has been an inspiration, as was Mr. Pearson, and a reason, a justification to engage in Canada's political life.

Hon. Peter Bosa: Honourable senators, I would like to join with all of the senators who have preceded me in paying tribute to the Right Honourable Pierre Elliott Trudeau. His achievements and accomplishments have been very well articulated by those who have spoken before me and also by the media, so I do not intend to reiterate them.

However, I would like to draw attention to an accomplishment that has affected hundreds of thousands of Canadians, including myself in a very real way, and that is the policy of multiculturalism the Prime Minister announced on November 8, 1971. That policy, honourable senators, has made a large part of Canadian society feel really at home in Canada because it states to Canadians that people who are not of Anglo-Saxon or French origin do not have to shed their culture in order to feel that they are Canadians equal in every way.

Today we are witnessing in Manitoba some controversy over the official languages policy, which indicates to me that that policy is not yet universally accepted in this country. Also, we have seen that the multiculturalism policy, which is a natural offspring of bilingualism, is not yet universally accepted in this country. However, having travelled the length and breadth of this country during my tenure as chairman of the Canadian Consultative Council on Multiculturalism, I can say with a

[Senator Argue.]

great deal of certainty that Canadian society today is much more understanding than it was prior to the enactment of the policy of multiculturalism.

[*Translation*]

Hon. Renaude Lapointe: Honourable senators, I want to say a few words in French. I think that everything has been said about Mr. Trudeau, and our tributes and admiration can only echo earlier testimonies from which stem two outstanding truths: the force of attraction of our Prime Minister has held in check the separatist movement in Quebec while at the same time it has given Canada a most enviable international standing.

● (1430)

Even his opponents acknowledge his extremely complex and original personality, his remarkable intelligence and culture, his amazing energy and tenacity. The ignorance, stupidity or bad faith displayed by many of his fellow Canadians have often exasperated him and prompted him to act with a casualness, to say the least, which only hypocrites have found shocking.

The same ignorance, the same stupidity and the same bad faith prompted Westerners to accuse him of abandoning the country to the "frogs", and Easterners of selling Quebec off to the Anglophones. The truth is that his vision of people and events has made the Canada of 1984, as Senator Bosa said earlier, an enlightened country with a much wider perspective and quite different from the Canada of 1968.

The impetus given to this country by Mr. Trudeau is irreversible, we believe, and those who are about to follow in his footsteps will certainly be able to succeed him, but perhaps not replace him.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, if no one else wants to add to this eulogy of the Prime Minister, I shall say a few words to express the views of the Opposition in the Senate.

Earlier, I was pleased to be the first to rise and welcome Senator Olson. Now, I am almost happy to be the last or at least among the last to talk about the Prime Minister.

After listening to what has been said up to now, I still think it is far too early to make the kind of judgment I heard being made with respect to Mr. Trudeau.

First of all, he still has three months to run as Leader of the Liberal Party. His successor will not be chosen until June 16. As Prime Minister, he may still have four months, and if he cared to follow the example of MacKenzie King, he could remain Prime Minister until the fall, because Mr. St. Laurent was chosen in August and MacKenzie King did not step aside until November of the same year. Well, you never know. After all the delays and Mr. Trudeau's apparent reluctance to take a decision, one would almost think he really intended to run in the next election.

A lot can happen in three-and-a-half, four, five or six months. In the corridors of Parliament, there are rumours of a plan by Mr. MacEachen according to which the Government will bring about its own defeat, thus forcing an election before June 16 and practically making it impossible for Mr. Trudeau to decline to lead the Liberal Party once more in an early election.

This sounds a bit like the conspiracy in November and December 1979. He could very well be asked once again to make a sacrifice—

Hon. Louis Robichaud: It was not a plan, it was a coincidence.

Senator Flynn: I know all about coincidences in the Liberal Party, when it is a matter of holding on to power or getting back into power.

We must also consider all the decisions and statements the Prime Minister will take and make between now and the time he steps down and passes the crown to his successor.

We have seen some of his recent decisions. He is still making all kinds of appointments, and he is still making statements that reflect his love of controversy, like the one he made yesterday in Toronto, which was clearly designed to continue the controversy on bilingualism and to appropriate the issue for the Liberal Party.

After a few months, once his successor has taken up the leadership of the Liberal Party and the Government as well, for a few months until the elections, it will be easier to take a more detached view of his career. When I say detached, I am speaking not only for myself but for all of us. Not surprisingly, on the Government side and in the Liberal Party, which he has kept in power for fifteen years, and with all the people he has appointed here, their admiration knows no bounds. Meanwhile, I would not want my refusal to take part—I was going to say in this debate, because many of the comments heard today were debatable—my refusal to take part in this event to be interpreted as a change of heart with respect to the main policies of the Trudeau Government. I did not share, I do not share and I doubt I ever will share his vision of Canada. Earlier, someone said that he had kept Canada together, that he had kept Quebec within Confederation. That is one of the most popular myths in English Canada. It is being parroted right and left. Everyone seems to forget what the real situation is in Quebec and what it was when Mr. Trudeau came to power. It is my conviction that the way the present Prime Minister wanted to patriate the Constitution was a mistake. We have mentioned the others who never did, and there is not a single English-speaking Prime Minister who would have dared patriate the Constitution against the wishes of Quebec.

Hon. Royce Frith (Deputy Leader of the Government): Against the wishes of the Government of Quebec.

Senator Flynn: You are wrong, there is that myth again. You do not know a thing about it. Have you forgotten that the Legislative Assembly, expressed its opposition to the constitutional resolution with 90 votes against 19?

Senator Frith: The National Assembly, not the Province of Quebec.

Senator Flynn: What more do you want?

Senator Frith: Be more specific.

Senator Flynn: I cannot be more specific, you have the Opposition and the Party in power. I realize there were a few dissenters.

Senator Frith: It does not necessarily reflect the views of Quebec.

Senator Flynn: I repeat, it is wrong to say that he kept Quebec inside Canada. When he took part in the Referendum campaign, I was there. I heard him promise Quebecers he would give them a new Constitution. However, they never expected that this new Constitution imposed by Mr. Trudeau would, instead of giving them further powers, remove some of their existing powers, especially the veto right they assumed they had always had until then.

Hon. Léopold Langlois: There never was a veto right.

Senator Flynn: I hear Senator Langlois grumbling. I have certainly not forgotten the speech in which he said that Quebec had been weakened as a result of the agreement reached in November 1981, which took away Quebec's veto right.

Senator Frith: That veto right had no legal existence.

Senator Flynn: I do not deny that the Prime Minister has accomplished a great deal. I have always supported bilingualism, provided it is not seen as the sole solution to Canada's problems. I supported bilingualism well before he did. When I entered Parliament in 1958, I proposed the kind of bilingualism he subsequently implemented. One thing is certain, as I said earlier, that Mr. Trudeau's Liberal Party has insisted on claiming it was their doing alone.

I said I did not agree with his methods. This applies not only to his methods in patriating the Constitution but also to many other instances where he allowed his love of controversy and confrontation to prevail.

I agree with the comments made regarding Mr. Trudeau's personality. I admire his lively intellect, his force of character, his discipline, his ability as a politician, and in connection with the latter, he has been very lucky, because without the support of the NDP in 1972 we would have forgotten him long ago. Without their support in 1979, we would not have had the events that occurred since 1980. He was very lucky.

Senator Robichaud: The definition of "luck" is: Preparation that meets with opportunity.

Senator Flynn: That may be, and there is no doubt that the Prime Minister is a lucky guy and an opportunist.

Hon. Joseph-Philippe Guay: It makes people jealous.

Senator Flynn: And there is a lot to be jealous about.

Senator Frith: He has a great deal of talent.

Senator Flynn: I admire him on that point, no doubt about that. I envy him, because, personally, I have worked hard as a politician to get recognition for my ideas, without very much success. He has used the Liberal Party to good advantage and the Liberal Party has used him. It will be very interesting to write the history of the Trudeau era, at some time in the future. Today, since I am not anxious to relive the last sixteen years, I merely wish to say to Mr. Trudeau that I admire his strong personality. He is a born leader. We have seen this with our own eyes, because nearly all his partisans have followed him blindly. Dissent has not been a frequent occurrence in the Liberal Party. He has had an exceptional career. He took great pleasure in exercising the powers conferred upon him, and that has been the basis for his success among the electorate and his success in keeping his Party together. Whether history judges him favourably or unfavourably, it will certainly record the time he spent in office as a unique and very important period.

Until then, on my own behalf and on behalf of the Opposition, I wish to extend our best wishes to him and to his children, in whatever activity he may wish to choose. He has always been lucky in finding a job that suited him, and I do not see why he would stop being lucky now.

[Senator Frith.]

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (JOSEPH ROLAND RÉJEAN DAOUST AND MARIE LISE SYLVIE GIRARD)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-8, to provide an exception from the public general law relating to marriage in the case of Joseph Roland Réjean Daoust and Marie Lise Sylvie Girard.

Bill read first time.

Senator Leblanc moved that the bill be placed on the Orders of the Day for second reading on Thursday, March 8, 1984.

Motion agreed to.

MARRIAGE LAW EXEMPTION (PEARL KIM LEE AND THOMAS SIEGFRIED WIELAND)—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-9, to provide an exception from the public general law relating to marriage in the case of Pearl Kim Lee and Thomas Siegfried Wieland.

Bill read first time.

Senator Leblanc moved that the bill be placed on the Orders of the Day for second reading on Thursday, March 8, 1984.

Motion agreed to.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

NOTICE OF MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

Hon. John M. Godfrey: Honourable senators, I give notice that on Tuesday next, March 13, 1984, I will move:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and

freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and

That a message be sent to the House of Commons to acquaint that house thereof and to invite them to join with this house in the aforementioned action.

NOTICE OF MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

Hon. John M. Godfrey: Honourable senators, I give notice that on Tuesday next, March 13, 1984, I will move:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and contains the powers set forth in Paragraph 2 of Part 9 of the cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:

"9. REGULATIONS

In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:

(1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.

(2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:

(a) power to make regulations that might substantially affect personal rights and liberties;

(b) power to make regulations involving important matters of policy or principle;

(c) power to amend or add to the enabling Act or other Acts by way of regulation;

(d) power to make regulations excluding the ordinary jurisdiction of the Courts;

(e) power to make specific regulations having a retrospective effect;

(f) power to subdelegate regulation-making authority;

(g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;

(h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulation."; and

That a message be sent to the House of Commons to acquaint that house thereof and to invite them to join with this house in the aforementioned action.

THE ESTIMATES 1984-85

NATIONAL FINANCE COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Fernand-E. Leblanc, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance, which was authorized by the Senate on 23rd February, 1984, to examine the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending 31st March, 1985, be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

Motion agreed to.

[*Translation*]

THE ESTIMATES 1983-84

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(*e*):

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1984; and

That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(*g*), I move that when the Senate adjourns today, it do stand adjourned until Thursday next, March 8, at 2 o'clock in the afternoon.

Hon. Martial Asselin: Honourable senators, I would like to ask the Deputy Leader of the Government which committees will be sitting tomorrow, and I want to lay particular emphasis on the fact that the Committee on Legal and Constitutional Affairs should be convened as soon as possible since, at its last sitting, the Committee decided that the Minister of Justice should appear before us and tell us whether he intends to

propose amendments in relation to the exemptions from the general law on marriage which are now being considered by the Senate. The Committee made this decision, and we thought that the Minister of Justice could perhaps appear before us tomorrow and tell us whether he intends to amend the general law on marriage in connection with the exemptions which the Senate has been asked to approve so that we may know what will happen to those private Bills.

Again today, two more petitions were tabled and we have been told that we may be receiving another ten of them. Before we begin to discuss each Bill submitted to us asking for an exemption to the law on marriage, we would like to know whether the Minister intends to amend the general law to cope with such cases.

My honourable friend must have learned that we shall not be considering the Bills referred to the Committee before we have considered the motion moved by Senator Leblanc to the effect that the general law should be clarified or that something should be done about it so that we may know whether the law must be changed or whether we have to pass Bills of exemption. I believe that this is a priority; we must first consider this motion, and if we do not want passage of the Bills providing exemptions to the marriage law to be overly delayed, it is absolutely necessary that the Minister of Justice should tell us as soon as possible what he plans to do.

Senator Frith: As far as the first part of the question is concerned, I can say that, tomorrow morning, there will be the caucus meetings. In the afternoon, the Committee on Energy and Natural Resources will meet at two o'clock and the Committee on Foreign Affairs at four o'clock.

As for the other matter raised by Senator Asselin, I wish first of all to assure him that, on this side, we agree completely that the problem must be solved other than by passing a private Bill for each petition and that a general change is needed.

I can also assure Senator Asselin and the honourable senators that we are dealing with this issue. I discussed it with Senator Olson after his return today and suggested that the problem should be raised with the Minister and the Department. I have also suggested a solution or a way to solve the problem raised by Senator Asselin and the other members of the Committee by saying that, before consideration of these Bills or any discussion on this matter is resumed, we should at least have the assurance that a proposal will be made to bring a general solution to the problem.

• (1500)

[*English*]

Hon. Jean-Paul Deschatelets: Honourable senators, perhaps we could ask Senator Nurgitz, the deputy chairman of the committee, to tell us if he has contacted the Minister of Justice. If so, when does he expect the minister to appear before the committee?

Hon. Nathan Nurgitz: Honourable senators, I am aware that the clerk of the committee has passed on to the minister's office a request for the minister to appear before the committee. My preliminary understanding was that the minister was not available this week. It was hoped that the committee could meet with him on the 6th, which is today.

Hon. Eric Cook: Is he campaigning?

Senator Nurgitz: As his "campaign manager," I am not able to speak.

Senator Frith: There is trouble there for someone.

Senator Nurgitz: In any event, honourable senators, I will raise again with the clerk of the committee the question of the availability of the minister. I thought it was understood that it was the wish of the committee to convene next solely for the purpose of meeting with the minister. I do not believe that the committee wishes to do anything else at this point, and I think that that information has been communicated to the minister.

Senator Frith: Honourable senators, to underline what I said previously, it may be that I have to take some of the blame if there is a delay in the appearance of the minister, because after attending the last committee meeting I did send him a letter telling him the views of the committee and proposing another solution. It may be that he is considering those questions before appearing.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA DEVELOPMENT INVESTMENT CORPORATION

CANADAIR LTD.—GOVERNMENT FUNDING

Hon. Orville H. Phillips: Honourable senators, this morning I received a statement issued by the minister responsible for the Canada Development Investment Corporation. That statement, combined with Supplementary Estimates (C) tabled yesterday, gives me an opportunity to ask certain questions.

Hon. Royce Frith (Deputy Leader of the Government): It was tabled here today.

Senator Phillips: I must point out that the tabling procedure is becoming much more efficient, because I received the estimates before they were tabled here.

Last year, Supplementary Estimates (A) contained $240 million for Canadair and now Supplementary Estimates (C) contain $310 million, for a total of $550 million in the last fiscal year for Canadair. Supplementary Estimates (A) contained $60 million for de Havilland and now Supplementary Estimates (C) contain $240 million, for a total of $300 million in the last fiscal year for that company. A total of $850 million

has been provided for the two corporations in the two supplementary estimates. That, honourable senators, equals $2.3 million per day, and that is a rather expensive method of bearing the mistakes of an incompetent minister.

On October 19, 1983, at page 6076 of the Senate *Debates*, the minister stated that Canadair would require an additional $400 million to serve to the end of 1984. As I have pointed out, the two supplementary estimates now bring us to $550 million for Canadair alone, and we still have 10 months to go. Can the minister tell us why his estimate was so badly off base?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I will examine Senator Phillips' allegations with care to see if there are facts in them. I very much resent his statement referring to me, I presume, as an incompetent minister. I believe that I have executed my responsibilities for Canadair and de Havilland with great competence.

• (1510)

Hon. Martial Asselin: You are speaking for yourself.

Senator Austin: I will be appearing before the House of Commons Standing Committee on Public Accounts and its Standing Committee on Finance, Trade and Economic Affairs with detailed reports on the financial affairs of Canadair and the commercial opportunities for success in the years ahead. I am quite optimistic with respect to Canadair and de Havilland; I believe that we have a level of technology second to none in the world and that we can be successful commercially from this point.

Senator Phillips referred to there being 10 months to go. Perhaps, if he read a little more carefully, he would see that the financing I am requesting is for the whole of the fiscal year 1984-85. I believe that the funds contained in the supplementary estimates with respect to Canadair will be sufficient to carry its business forward successfully for that year. However, further financing may be required for de Havilland to take advantage of commercial opportunities available to various of its products.

Senator Phillips: Honourable senators, I am pleased that the minister will look at my statement, but I hope he has some assistance because, judging from the evidence he has presented to this house, he does not know fact from fiction. The minister has referred to certain techniques that have been developed. I have heard this answer a number of times. I would point out that the financing in the supplementary estimates equals $121,048 per worker. That makes them almost as expensive as Donald Macdonald. Can the minister tell this house what special techniques have been developed by either firm that are not already present in the industry in other countries?

Senator Austin: Senator Phillips is an amazing wanderer when he is questioning. He plucks figures out of the air, $121,000 here and $2 million there. They are not accurate in any logical or factual way; they are merely flying around in some kind of vortex in his mind. Canadair and de Havilland have excellent capacities in aircraft technology as indicated by their executive jet STOL, and their capacity to equip aircraft for special tasks, the market for which seems to be expanding. I will be making an extensive statement in the other place before the end of this month.

Hon. Jacques Flynn (Leader of the Opposition): What do you mean, "the other place"?

Senator Austin: I shall give Senator Phillips an opportunity to study those statements as soon as possible and I hope that his attention span will be equal to the presentation.

Senator Phillips: Honourable senators, I am surprised that the honourable minister thinks that I wander around in my questioning. Perhaps I do, but I can assure this chamber that I learned the technique from the way he gives replies. I asked the minister for specific techniques and he avoided answering the question. I shall now ask him: Has either firm developed a technique that has been patented?

Senator Austin: Honourable senators, it is strange that Senator Phillips is so ill-informed about the subject matter for which he has tried to take responsibility for the opposition over the past several months. If he knows nothing about the technology of these two companies, I shall get him a statement on their technological advancements; I hope it will bring him somewhat closer to an understanding of what it is they do. Of course, they have patents. However, that answer may have nothing to do with or a great deal to do with the commercial success of the work they have done. In other words, patents and technology may or may not be synonymous. The most effective technology may give a firm a competitive advantage though it may not be patented or copyrighted. So, as usual, I try very hard to answer Senator Phillips in the most open and genuine way, although his question is not very coherent. Frankly, I find his editorial reminiscing very sad. He talks about competence and discharging responsibilities and then floats away. If he has anything to say about the competence with which I am directing these two companies, I should like to hear it in detail and not just in editorial opinions. Then I could meet the fluff he is throwing around.

Hon. H. A. Olson (Leader of the Government): He talks like a Tory and cannot understand your suggestion.

Senator Phillips: Perhaps the minister should give more information to this chamber. I was surprised to hear him say that he was going to make a statement before the other house—

Senator Asselin: Before the other house?

Senator Phillips: —but he is not making one here. I point out to the minister that the fiasco he has created has now cost the taxpayers more than Petro-Canada and is rapidly becoming as expensive as the Petroleum Incentive Program. It is time for the minister to give us some accurate, concise information, get rid of his befuddled attitude and come clean with Canadian taxpayers. They cannot afford any more of his answers.

Senator Austin: I shall try once again to assist Senator Phillips. I am an optimist, which is the way of a Liberal in Canadian society. Senator Phillips is pessimistic and cynical, which brings him to certain conclusions in his thinking process.

Senator Asselin: How is one an optimist with such deficits?

Senator Austin: I will be reporting before the appropriate committees of the other place which will deal with the estimates tabled. If the Senate wishes to have me report before it, there are means, such as introducing a motion, but at the moment there are standing terms of reference in the other place to bring ministers to account in detail for the discharge of their responsibilities. For that reason I shall be making detailed statements in the other place, and, as I said before, those statements will be available to honourable senators. I know that Senator Phillips will study with great care what it is I shall say in the other place. I hope that he can follow it. I resent deeply his editorial suggestion that somehow I have created a, to use his term, "fiasco" with respect to Canadair and de Havilland. There is no basis for that statement and it is untrue and unfair. I want him to understand clearly that I will not accept such a statement from him.

Hon. Robert Muir: Touchy, touchy!

Senator Asselin: Why don't you answer the question?

Senator Phillips: How would the minister describe the fiasco he has created? Would he call it a success? While he is avoiding giving information to the house, I would remind the minister of my motion with respect to this matter. When the minister discussed the subject he did not give any information. Will he bring in a statement that explains the whole fiasco?

Senator Austin: All the information on these two companies that I can give out will be made available at the end of this month in a carefully analyzed and clearly described way before committees of the other place. I will be happy to bring it before a committee of this house, if it wishes to have me give evidence. At the moment Senator Phillips is attempting to carry on a university type debating game over the facts. I have attempted to assist him. I will not answer general questions which will be answered more specifically in a few days. If he has a specific question to ask me I shall do my best; if he wishes to know what patents Canadair has issued, I shall ask Canadair to give me a list of those patents. I hope that will be of some assistance to Senator Phillips.

● (1520)

If the honourable senator has other specific questions, I shall do my best to assist him in his inquiries. However, I wish to make very clear to the honourable senator that I will not submit myself to little political games and political rhetoric within the confines of this subject.

Hon. Robert Muir: Too much politics in democracy!

Senator Austin: I shall answer his questions on facts; however, I shall also reply to his nonsense.

Hon. Senators: Oh, oh!

Senator Phillips: The honourable minister seems to think that democracy is political. I am rather surprised that a cabinet minister would take that attitude. He has assured me that he will do his best to answer questions. I hope he improves.

[Senator Austin.]

Senator Austin: In reply to Senator Phillips, I think democracy is political. I am glad that it is.

Senator Muir: Now you admit it.

Senator Austin: I am glad we live in a society where we can stand in this chamber and exchange our political views. I am making it very clear that, if the honourable senator sends a political view to me with which I disagree, then he will receive a political view back. He will earn the same quality of reply as he seeks. If he seeks a higher quality of reply, then he must ask a question of higher quality.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES

Hon. Robert Muir: Honourable senators, I have a question I wish to pose about the board of directors of the Cape Breton Development Corporation. Since last year I have posed this same question on seven different occasions, definitely endeavouring to find out why no appointments have been made to fill the vacancies on the board of directors. I am sure that a man such as Senator Sinclair would agree with me in what I am now putting forward, that to run a successful corporation, whether it be a private enterprise or a crown corporation, there should be a board of directors.

Hon. Orville H. Phillips: It is like the government, it has no board of directors.

Senator Muir: I would hesitate to say that to Senator Austin, he might get provoked. He is so thin skinned that he may become upset, have headaches and start to cry. You never know what will happen with him.

I have posed my question to the deputy leader on several occasions and also to the Leader of the Government in the Senate. Since the Leader of the Government is happily recovering from heart surgery I would not have the heart to pose it to him today if he were here—he has just removed himself from the chamber. I am glad he is back.

If it would not distress Senator Austin too much, since he is the Minister of State for Social Development, I will pose my question to him. Social development should be part of the responsibilities of the minister with respect to the Cape Breton Development Corporation since it deals with jobs, people's lives, their welfare and their income. To give the minister a little more information, the term of the final board member on the board of directors expired February 29. There are now no members on the board of directors of the Cape Breton Development Corporation. I do not know who makes policy now, Dr. Larkin Kerwin having retired from the board months ago. He was certainly a brilliant man. However, the fact remains there is no one on the board at present. It is important that there should be a board of directors—I am sure I do not have to tell the Minister of State for Social Development that.

Could the minister take upon himself the task of finding out from the powers that be within the government what seems to be the problem with replacing board members who have left? Who makes policy? How does management carry out policy

which is made by a non-existent board of directors? I do not say that it is the fault of the federal government completely; the provincial government is supposed to appoint two directors. Their last appointee left February 29. Tom Kent left over a year ago, and was not replaced.

At various times I have asked other ministers and the deputy leader to find out whether there is any consultation going on between the federal government and Premier Buchanan's government with respect to appointing members to the board. I have inquired into the delay in the appointing of members to the board, which is the responsibility of both the federal government and the provincial government, in order to guarantee a future for the Cape Breton Development Corporation. Thousands of lives depend on this corporation, as does the future development of Cape Breton Island.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I will seek the answers to Senator Muir's question from the minister responsible for the Cape Breton Development Corporation and endeavour to reply at the earliest time. I am not personally briefed on the subject matter which the honourable senator raises as it does not fall within my immediate area of responsibility.

While I am on my feet I want to say that I did not feel any particular urge to cry while the honourable senator was asking his question.

Senator Muir: No, but when Senator Phillips was going to work on you.

Senator Austin: However, I am very sensitive to the concerns of the people whose lives have benefited from the work of the Cape Breton Development Corporation. If, perhaps, feeling sensitive and concerned is being "thin skinned" then I should possess that title.

CONSTITUTION ACT, 1982

ABORIGINAL RIGHTS—AMENDMENT PROCLAMATION—PROVINCIAL AGREEMENT

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I would like to reply to a question asked at an earlier date by Senator Tremblay. I wonder if I could have leave of the Senate to do so since I must absent myself in the next few minutes in order to attend a cabinet meeting.

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

Hon. Senators: Agreed.

Senator Austin: Senator Tremblay asked a question on February 21 with respect to resolutions relating to aboriginal rights and the constitutional process. It was a most intriguing question. I have sought the answer which I think meets his inquiry.

The aboriginal constitutional resolution arising from the 1983 first ministers' accord on aboriginal rights has been adopted by the legislative assemblies of all provinces except Quebec. Quebec was not a signatory to the original accord and is not expected to introduce the resolution in the National Assembly. In accordance with the procedure for amending the Constitution set out in sections 38(1) and 39(1) of the Constitution Act, 1982, the resolution may be proclaimed by the Governor General on or after May 31, 1984, the anniversary of adoption by the legislature of Nova Scotia, which was the first to do so.

Senator Tremblay asked me which provincial legislatures had adopted the resolution and on which dates. May I reply as follows:

Nova Scotia, May 31, 1983;
Alberta, June 3, 1983;
Prince Edward Island, June 16, 1983;
New Brunswick, June 28, 1983;
Manitoba, August 18, 1983;
Ontario, October 18, 1983;
British Columbia, October 21, 1983;
Saskatchewan, November 30, 1983;
Newfoundland, December 2, 1983.

The House of Commons and the Senate passed the resolution on June 29 and November 3, 1983, respectively. Accordingly, the requirements for the amendments set forth in section 38(1) of the Constitution Act, 1982 have been met in that the Senate, the House of Commons and the legislative assemblies of two-thirds of the provinces representing at least 50 per cent of the population have adopted the resolution.

Section 39(1) of the Constitution Act, 1982 further provides that unless all the provincial legislative assemblies have adopted a resolution the Governor General may not issue an amending proclamation before one year from the date on which that resolution was first adopted.

• (1530)

Since the resolution was not introduced in the National Assembly of Quebec, the proclamation by the Governor General can only be made on or after May 31, 1984—that is, one year after the resolution was first adopted by the Nova Scotia Legislature.

This background is necessary in order to come to the specific answer to your most specific question of interpretation, Senator Tremblay. The Constitution Act, 1982, as originally passed and still in force, required that one constitutional conference was to be convened by the Prime Minister within one year after the act came into force—that is, one year after April 17, 1982. This provision is contained in section 37. Thus, the conference of March 15 and 16, 1983 fulfilled the only constitutional requirement extant for a constitutional conference of first ministers.

However, article (1) of the 1983 Constitution Accord on Aboriginal Rights, which was signed at that conference, provides for another constitutional conference of first ministers to be convened by the Prime Minister within one year after the completion of the 1983 conference—that is, no later than March 16, 1984—and, as we all know, such a conference has been scheduled to be held on March 8 and 9, 1984. This,

however, is a political rather than a constitutional requirement and is to be fulfilled, as I said, by that forthcoming conference.

The proposed resolution, which was appended as a schedule to the Accord, provides for an amendment to section 37 of the Constitution Act, 1982, which would require, *inter alia*:

> —in addition to the conference convened in March, 1983, at least two constitutional conferences . . . .the first within three years after April 17, 1982, and the second within five years after that date.

Once the resolution has been proclaimed, these two conferences will bring to a total of three the number of constitutionally-required conferences on the Constitution.

I believe that is the full answer to the question you asked, Senator Tremblay. I may say that a most interesting constitutional discussion was enjoyed by me as a result of your question when I raised the matter with officials and, finally, with the Prime Minister.

[*Translation*]

Hon. Arthur Tremblay: I thank Senator Austin for his very elaborate answer. Since he is expected to attend a Cabinet meeting in a few minutes, this is hardly the time to put a series of supplementary questions. Still, if he will allow me, I will read his answer and, at the next sitting of the Senate, I will try to clear up a few points which give me some concern. I will not do that today.

However, I do have a question about something he said earlier. He indicated that he will appear before a committee of the House of Commons in a few days to answer questions in certain fields for which he is responsible as member of the Cabinet. In view of that, I have a question for the Deputy Leader of the Government concerning the application of our Rule 104. Under that Rule, a senator must have leave of the Senate to appear before a committee of the House of Commons. In this case, does Senator Austin need leave of the Senate to appear before a committee of the House of Commons which is considering problems in the field for which he is responsible as member of the Cabinet?

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe that this question has come up on previous occasions. Senator Tremblay has raised rule 104, which provides as follows:

> (1) When the House of Commons requests that a senator or any of the officers, clerks, or servants of the Senate attend before the House of Commons to be examined or appear before any committee thereof, such request shall be by Message from the House of Commons requesting that the Senate grant leave to such senator, officer, clerk or servant to attend.
>
> (2) If the Senate grants leave, an officer, clerk or servant of the Senate shall attend before the House of Commons or a committee thereof, and a senator may attend if he thinks fit.

> (3) Without such leave, a senator, officer, clerk or servant of the Senate shall not, on any account, under penalty of being committed to the Gentleman Usher of the Black Rod or to prison during the pleasure of the Senate, go down to the House of Commons, or send his answer in writing, or appear by counsel to answer any accusation there.
>
> (4) In the absence of a Message referred to in subsection (1), a senator who so desires may voluntarily appear before any committee of the House of Commons.

I do not know whether an official request by message has come from the other place. However, if it does come in the form contemplated by subsection (1) as a request for Senator Austin to appear, and the conditions referred to in rule 104 are engaged, then they will apply.

[*Translation*]

The Hon. the Speaker: Honourable senators, Rule 104(4) of the Senate states:

> (4) In the absence of the Message referred to . . .

Hon. Martial Asselin: The problem, Mr. Speaker, is that no point of order has been raised to ask you to make a ruling. It was simply an exchange between the Leaders of the two political parties in the Senate. If you want to enlighten us immediately, I am prepared to listen to you.

The Hon. the Speaker: That is why I am here, Senator Asselin.

Rule 104(4) of the Senate states:

> In the absence of a Message referred to in subsection (1), a senator who so desires may voluntarily appear before any committee of the House of Commons.

I think that that settles the matter. I only wanted to help you.

Senator Asselin: I am sorry, Mr. Speaker, but that does not settle the matter.

When we were ministers on this side of the House, the question had been raised and debated.

The ruling of the then Speaker, Senator Grosart, was that during this session the Senate would give a general authorization to ministers of the Crown to agree to appear before committees of the other place.

In my opinion, the Senate should act as it did then. This House should give a general authorization to ministers of the Crown to appear before the committees of the House of Commons, without specifically being granted leave by the Senate every time they want to do so.

I think that we in the Official Opposition are prepared to endorse that precedent created when we were ministers of the Crown.

On behalf of the Opposition, I am prepared to agree that, when ministers of the Crown are called upon to appear before a committee of the other place, leave be granted.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if I understand correctly the intent of

our Rule 104—it is clear, it has already been revised—it is stated in subsection (4):

> In the absence of a Message referred to . . .

If one reads the whole Rule, it is clear that a senator cannot be required to appear before the House of Commons or one of its committees without leave of the Senate.

The important point is the fact that:

> In the absence of a Message referred to in subsection (1), a senator who so desires may . . .

The idea behind subsection (1) is to obtain leave for a senator to say: The other place has asked or ordered me to appear, but I prefer not to do so.

Otherwise, subsection (4) of Rule 104 would be meaningless. If I understand the situation correctly, as I said at the beginning, if the conditions set forth in subsection (1) are imperative, so is the result. In a case where it is a matter of voluntary appearance, as specified in subsection (4), then the conditions of subsection (1) do not apply.

Senator Tremblay: I have a supplementary question, or a comment, as the case may be.

I understand very well that, pursuant to Rule 104(4), a senator may, if he so wishes, attend, participate in or appear before a committee of the House of Commons. If the decision is his to make, it seems to me that, from the point of view of the Commons and when the senator is a member of the Cabinet, this procedure can be a practical and concrete solution to the problem, but it remains unsatisfactory. The House of Commons or its committee has the right to ask a minister to be accountable and answer questions.

I am wondering—I am raising this question in light of the comment made by Senator Asselin—it seems to me that the procedure adopted by the previous government did take two aspects into account, in the sense that it acknowledged the principle whereby a committee of the House of Commons has the right to ask a senator, who happens to be a minister, to be accountable and answer any question put to him. In such a situation, a message is called for and the Senate must acknowledge it and say that leave has been granted. There is a question of principle on both sides.

Those are the comments I wanted to make after the clarification of Mr. Speaker.

[*English*]

● (1540)

Senator Frith: Honourable senators, it seems to me to be a simple matter and we can obtain a ruling if one is requested.

Senator Asselin: Are you requesting a ruling from His Honour the Speaker?

Senator Frith: No, but if that is what is being requested—

Senator Asselin: I did not ask for a ruling.

Senator Frith: I know you did not. Senator Asselin did not raise the point; Senator Tremblay did. I am not clear whether or not Senator Tremblay requested a ruling, but in any event it seems clear that he did ask me to give a response to his question with respect to rule 104.

It is clear from the reading of that rule that if the House of Commons wants to demand the appearance of a minister—and it does not say a committee of the House of Commons, but the House of Commons—before the House or one of its committees, it must do so by message, and if it does so by message then rule 104 (1) applies. Then the procedures set out in rule 104 subparagraph (2) take effect, as does the penalty in subparagraph (3).

If the request does not come from the House of Commons in the form of a message, then the senator can appear voluntarily.

Senator Austin: Honourable senators, as I understood Senator Tremblay's question, it did not include an issue, for the moment, but anticipated a possible problem. If there is a lacuna in the rules, then the rules committee ought to address that.

Certainly, as Senator Tremblay and Senator Asselin have stated, it would be anomalous if each legislative chamber could block the appearance of a minister in the other chamber. It would be anomalous if this chamber could block my appearance as a minister of the Crown before a House of Commons committee. I know that that is not the intention. If the words give rise to an ambiguity, I suggest that the rules committee be asked to consider the issue, and perhaps take appropriate action.

Senator Asselin: Following what has been said by the minister, I think we should ask His Honour the Speaker to refer to the precedent set during the previous session. In reading the decision given by that Speaker you should, Your Honour, render a judgment, if you so wish.

Hon. John M. Godfrey: The point raised by Senator Tremblay, as I perceived it, was that there should be some action taken by the Senate to ensure that a senator who is a minister will be forced to appear before a House of Commons committee, but I should draw your attention to rule 104(2), which states:

> If the Senate grants leave, an officer, clerk or servant of the Senate shall attend before the House of Commons or a committee thereof, and a senator may attend if he thinks fit.

So, by passing the kind of resolution you suggest, it would still, in effect, not force a minister to appear before a House of Commons committee if he did not wish to do so.

Senator Asselin: The same point was raised in 1979.

[*Translation*]

NUCLEAR WEAPONS

CRUISE MISSILE TESTING

Hon. Martial Asselin: I have a question for the Deputy Leader of the Government. The Supreme Court has not yet ruled on the testing of Cruise missiles. I believe that my honourable friend was asked this question two weeks ago and that he took it as notice.

Why has the Government not waited for the Supreme Court ruling before authorizing the testing of Cruise missiles over Canada which took place today? I do not want to discuss the substance or the significance of the testing of the Cruise missiles over Canada. What I find very strange is that the executive did not wait for the highest court in the land to make a ruling before authorizing the Americans to proceed with those tests.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I understood what was said in the news this morning—

Senator Asselin: I am not referring to the Federal Court, but to the Supreme Court.

Senator Frith: This morning, the Government was waiting for the results. The preparations were underway, but the testing had not begun before the ruling of the Federal Court was made.

If anything has changed since this morning, I will try and get more information.

As I understood the news from Western Canada, a plane has left Alaska, I believe, and we were waiting for the court ruling.

If the situation has changed, I can try to inquire about it.

Senator Asselin: I think that my colleague has misunderstood my question or perhaps I did not express myself clearly.

I am not speaking about the ruling made by the Federal Court this morning which has rejected the injunction sought by the lawyers representing the peace group that wanted to stop the tests taking place this morning. I am not speaking about this ruling. The Federal Court has made a ruling which rejected the injunction.

According to the mid-day news, the Americans had proceeded with the Cruise missile tests after being advised of the Federal Court ruling.

As the executive and the judiciary are separate bodies in this country and as it was the executive which decided that the American missiles would be tested over our territory, this whole problem was submitted to Supreme Court of Canada for a ruling on whether the decision of the executive could be challenged. The point at issue is whether this decision of authorizing the testing of missiles over Canada should have been made by the Canadian Parliament rather than by the executive alone.

This is an important question which has been asked for some time and on which the Supreme Court has reserved its ruling. Of course, the Supreme Court has not had time to give a ruling yet.

In view of this, why did the Canadian Government not ask the Americans to postpone the testing of their Cruise missiles until a ruling had been made, not by the Federal Court which handed down its ruling this morning, but by the Supreme Court? This is the legal problem which I face.

Senator Frith: Honourable senators, the problem exists because the executive and the legal powers are separate entities in our system. The question is as follows: Should the executive wait for the decisions of the legal authorities and refrain from doing what it should do until the courts have ruled? Today, we are faced with a political decision. This decision seems to have offended Senator Asselin. If it is simply a political decision, I cannot give you more information because I would simply be responding to what has occurred. I can certainly ask the authorities whether certain aspects have not yet been explained so that the other senators may form their own opinion on this matter.

Senator Asselin: This matter should be considered by the Standing Committee on Legal and Constitutional Affairs.

• (1550)

[*English*]

FOREIGN AFFAIRS

LEBANON—CURRENT SITUATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a short statement on the current situation in Lebanon, as of 8.30 a.m. today.

As expected, the Lebanese cabinet, chaired by President Gemayel, yesterday formally declared the May 17, 1983 troop withdrawal agreement with Israel null and void. The cabinet announcement also indicated that the government would ensure the security of southern Lebanon and prevent infiltration of PLO guerrillas across Israel's northern border, thereby hoping to preserve its substantive commitment to Israel and, thereby, facilitate the withdrawal of Israeli forces. The statement failed to mention the status of Syrian troops. Press reports indicate Israel has rejected Lebanese overtures to reopen discussions on security arrangements in the south. The treaty had been a major obstacle to resumption of the national reconciliation conference. Informed sources indicate that the conference will resume on March 12 in Lausanne.

[*Translation*]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

SUCO—FINANCING

Hon. Royce Frith (Deputy Leader of the Government): In connection with the question raised by Senator Asselin on February 21 last concerning SUCO's financing, it should be noted first of all that SUCO and CUSO have been two separate legal entities since April 1981. CUSO will have sent 535 volunteers to Third World countries in 1983-84 and CIDA's contributions to this volunteer program will reach $13.5 million. Under the 1983-84 agreement, CIDA was to contribute $5.8 million to help SUCO supply 210 person-years to Third World countries, that is, some 300 volunteers.

The decision to discontinue SUCO's funding was made by Minister Lapointe in July 1983 and constitutes an isolated case. This decision was based on the following reasons:

First, SUCO's deficit had increased over the previous three years. By the end of the fiscal year 1981, 1982 and 1983, it stood at $270,000, $351,000 and $621,000 respectively.

Second, under the 1981-82 agreement between CIDA and SUCO, the latter was supposed to send 95 new volunteers. As a matter of fact, SUCO had recruited 60 new volunteers while it had a staff of 50 in Canada. Although the 1982-83 agreement called for the recruiting of 145 new volunteers, only 106 were actually recruited that year.

Third, SUCO's accounting procedures were not adequate. CIDA asked SUCO for the first time in May 1981 to improve these procedures and assumed the costs for the consultants hired to set up an improved system.

Finally, in 1982, two boards of directors resigned, the first one during the Summer of 1982, and the second one, together with nine employees, during the Summer of 1983. The conclusion the administrators themselves arrived at was that it was impossible to administer SUCO.

On September 29, 1983, SUCO's volunteers were advised of this decision, as well as the reasons behind it, in a letter from Minister Pepin.

SUCO's representatives met Minister Pepin on November 1, 1983, to advise him of their decisions. Following a careful review of SUCO's proposals, the Minister decided to maintain the decision.

CIDA is taking all necessary steps to ensure that arrangements are made for all SUCO volunteers to stay on after April 1, 1984. Five Canadian organizations with volunteer programs overseas are helping CIDA during this transition period.

CIDA is proud of the development work carried out by non-governmental organizations. The decision concerning SUCO's funding must not be interpreted as CIDA's new policy toward non-governmental organizations, but rather as an incentive to a better management of taxpayers' money.

Hon. Martial Asselin: Without unduly delaying our proceedings, I insist that we should reconsider the matter. If the reply is not satisfactory to me, I do not want the debate to be closed.

Senator Frith: I entirely agree that we could go on with this discussion next Thursday.

Senator Asselin: The main point is that in my opinion the president of CIDA or her representative should appear before a committee of the Senate to explain this situation. The two pages of this letter cannot settle the matter. According to the representations made by individuals from a non-governmental group, I am under the impression that the matter cannot be solved in those two pages.

Senator Frith: We could consider the matter next Thursday. The letter is a report made by the general director of the Institutional Cooperation and Development Services Division. We could consider on Thursday all supplementary questions arising from this letter. As for asking the minister to appear before a Senate committee, it is for the committee to decide. However, it is agreed that we could discuss this matter more thoroughly on Thursday.

[*English*]

THE BUDGET

CANADA PENSION PLAN

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on February 21, 1984, concerning possible changes in the levy for the Canada Pension Plan. May I have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

> Honourable senators, while contribution rates must eventually rise, this was recognized at the inception of the CPP. The current contribution rates and the accumulated fund are large enough to pay expected benefits until the turn of the century.
>
> Earlier increases may be desirable, even if not required to pay current benefits, to ensure an orderly rise in the rates to the 8 to 10 per cent range now envisaged. The federal government intends to consult with the provinces to determine an appropriate schedule of contribution rates, paying attention to the proposal to institute pay-as-you-go financing.

INTEREST ON NATIONAL DEBT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on February 21, 1984, Senator Roblin asked a question concerning government interest rate projections. As some honourable senators may remember, while it has been the policy of the government to release its forecasts of the interest charges on the national debt, it has not been the policy to release the interest rate projections used in making these forecasts.

Hon. Martial Asselin: That answer can be taken as read.

Senator Frith: The rationale for refusing to do so is set out. May I, then, have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

> Since financial markets are affected by a wide array of diverse factors, including expectations of future interest rates and the uncertainty associated with future economic conditions generally, the government believes that it would be unwise to indicate to the market what it anticipates interest rates will be. Furthermore, while broad trends in interest rate developments can be identified with some degree of confidence, it is extremely difficult to identify the future path of interest rates over short periods of time. Consequently, although assumptions concerning future interest rates must be made for planning purposes,

it is not the policy of the government to reveal these assumptions.

MORTGAGE RATE PROTECTION PLAN

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on February 21, 1984, Senator Roblin asked whether the government expected the mortgage rate protection plan to be self-supporting, in other words, paid for by the 1.5 per cent that the mortgagees will contribute. May I have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

The government expects the mortgage rate protection plan to be self-supporting under normal circumstances. As the budget documents indicate, moderate sustained declines in interest rates are expected over the 1984-88 period. Under these circumstances or under conditions of relative stability in interest rates, the MRPP would be self-supporting.

With extraordinary interest rate increases and fluctuations, there would be an element of subsidy. A number of such interest rate scenarios have been considered in choosing the parameters of the program—the premium, deductibility, the 75 per cent coverage ratio, et cetera. Under reasonable assumptions with respect to the take-up of the plan and other variables, average annual net expenditures under these interest rate scenarios could range up to $200 million over a 10-year period. The scenarios considered included the interest rate pattern actually experienced over the period 1974 to 1983

PROVINCIAL REVENUE—IMPACT OF BUDGET MEASURES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Roblin asked a question on February 21, 1984, relating to provincial revenue impact on budget measures that will be useful for the budget debate, which I hope to start under an inquiry either today or Thursday. May I have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

In the preamble to the Honourable Duff Roblin's question a number of budget tax changes are discussed as having, it seems for 1984, revenue implication for provinces party to the tax collection agreements. A number of inaccuracies are mentioned which I would like to rectify before providing the provincial impact of the budget measures.

Some of the measures mentioned such as the elimination of the $100 standard deduction are not part of the February 15, 1984 budget but were announced in the April 19, 1983 budget. Other measures, such as the modification of the $200 federal tax reduction do not generate an impact on provincial revenues. It has an impact on federal tax revenues only. Also, for other measures, such as the changes to Registered Retirement Savings Plans, the changes will not be effective until the 1985 taxation year.

The following table provides the impact on provincial revenues for 1984, 1985 and 1986 from the tax changes to the personal and corporate tax structure presented in the April 19, 1983 and February 15, 1984 budget for the provinces party to the tax collection agreements. These include all provinces except Quebec at the personal income tax level and all provinces excluding Quebec, Ontario and Alberta at the corporate level.

Impact on Provincial Revenues from Budget

	Taxation Year		
Tax Changes	1984	1985	1986
April 19, 1983 budget	–85	–150	–160
February 15, 1984 budget	–25	–95	–130
Total Impact	–110	–245	–290

It is important to note that the impact of these tax changes on provincial revenues will be partially offset by an increase in transfers to provinces under the Established Programs Financing Arrangements. The approximate increase in respect of the three taxation years 1984, 1985 and 1986 is $52 million, $94 million and $113 million respectively.

In addition, many of these measures were designed to help stimulate the economic recovery which translate into larger tax base for all levels of government. With the projected economic growth, provincial tax revenues are expected to grow rapidly and should compensate for the revenue loss from the budget tax changes.

FOREIGN AFFAIRS

LEBANON—PROPOSED MULTINATIONAL PEACEKEEPING FORCE—POSSIBILITY OF CANADIAN PARTICIPATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Macquarrie on February 21, 1984, concerning the possibility of Canadian participation in a proposed United Nations peacekeeping force in Lebanon. May I have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, Canada has not been approached with regard to an eventual participation in a United Nations peacekeeping force in Lebanon.

If we were approached on this subject, while keeping in mind difficult local conditions, Canada would be disposed to examine its possible participation in such a force if it were to make an effective contribution to stabilization and national reconciliation in Lebanon although such objectives are dependent upon the Lebanese people themselves as well as other parties concerned.

A certain number of conditions, of which the following are the most important, would however have to be met:

(a) such a force would have to be under the auspices of the United Nations, be neutral and impartial and would have to have a clear and adequate mandate to allow it to fulfil the functions assigned to it;

(b) the deployment of such a force and its participants would have to be accepted by all the concerned parties;

(c) the concerned parties would have to agree to maintain a ceasefire and there should be reasonable and serious hope of a reconciliation between different factions after the deployment of such a force

(d) the financing of such a force should be assured by all of the countries belonging to the UN rather than through voluntary contributions.

Such a force would appear to be hypothetical at this stage, as we wait for a clarification of other positions of the parties involved and the present situation on site in Lebanon as well as waiting for agreement amongst the various countries who are members of the Security Council on the principle of establishing such a United Nations peacekeeping force.

EMPLOYMENT AND IMMIGRATION

PROPOSED TASK FORCE ON YOUTH UNEMPLOYMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to two questions asked by Senator Marshall on February 2, 1984, concerning youth unemployment. The first question he asked was whether the federal government was considering establishing a task force to examine the youth unemployment problem. May I have permission for the answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, there are no plans at present to establish a task force to examine youth unemployment. The government has appointed a Minister of State for Youth who has responsibility for reviewing this issue as well as others affecting youth.

It is the intention of the Minister of State for Youth to undertake, in the near future, to meet with youth, youth organizations and our economic partners in order to gain a better appreciation of current youth issues and to encourage the active participation of the private sector in the search for meaningful resolutions to the labour market difficulties facing young Canadians.

The Chamber of Commerce has decided to go ahead on its own with a task force to study youth unemployment. Although the federal government will not participate directly, the Minister of State for Youth and the Minister of Employment and Immigration have encouraged the Chamber of Commerce to conduct its independent review and have offered support in the way of statistical data and background information from Employment and Immigration.

Senator Frith: The second question was whether the federal government was aware of the youth training scheme which is a United Kingdom program. The answer to that question is "yes."

PARLIAMENT BUILDINGS

RECONSTRUCTION OF SENATE SPEAKER'S ENTRANCE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Donahoe on February 21, 1984, concerning work being done on the Speaker's entrance to the Senate. May I have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

Since the Centre Block was completed in the early 1920s there have been problems with the two Speakers' entrances because of ice and snow falling from the upper roofs. Sometime prior to 1967 a wooden enclosure had been erected around the Senate Speaker's entrance and steps. It would appear that this was removed prior to the Royal Visit in 1967.

In the early 1960s architectural drawings were prepared for Public Works which appear to have resulted from requests from the Speakers. These proposals were not proceeded with at that time. As an interim measure, flat roofs supported on pipe columns were installed at both entrances to reduce the winter hazards.

In the early 1970s new proposals of a less extensive nature were prepared by Public Works but were again deferred. In the late 1970s the Speakers again requested that something be done to improve the conditions at these entrances. After study it was recommended that the 1962 proposals be included in the major Centre Block renovations program being developed by Public Works at that time.

Because of delays in the implementation of this program, a formal request was made to Public Works by Black Rod in December 1982 on behalf of the Speaker of the Senate to expedite some action to provide a winter

enclosure for the Speaker's entrance. Drawings of the 1962 proposals were updated and submitted to the Speakers for approval in 1983/1984 for the work.

In response to the questions raised by Senator Donahoe, the answers are as follows:

1. The drawings for the two entrances were submitted through the Clerk of the Senate and the Sergeant-at-Arms to the Speakers sometime in July 1983 and were approved by them shortly after the resumption of sittings in September.

2. Action on these entrances has been requested at various times by the incumbent Speakers since shortly after the building was completed, and including the specific request from Colonel T. G. Bowie dated December 13, 1982.

3. The cost of each of the new entrances will be about $140,000.00

The new entrances will be constructed in stone to match the existing building and include porches at the roadway similar to the House and Senate entrances on the south side of the building. They will provide adequate and permanent protection for the Speakers and other official visitors including the Governor General and other officials and heads of state who normally enter the building through these doorways.

EMPLOYMENT AND IMMIGRATION

SPECIAL EMPLOYMENT INITIATIVES PROGRAM—REQUEST FOR INFORMATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Phillips on February 7, 1984, concerning whether senators have been asked to submit any projects under the Special Employment Initiatives Program.

Honourable senators, the Minister of Employment and Immigration has indicated that he is prepared to consider for funding under the special employment initiative any project submitted to him. Senators wishing to submit projects should therefore send details of the projects to the minister at the House of Commons.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Cottreau*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Cottreau, in whose name this order stands, has indicated that he is willing to yield to anyone wishing to speak to this order, but I remind honourable senators that that debate, when it resumes, will be on the eighth and last day of the debate on the Speech from the Throne.

Order stands.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, I must assure my colleagues that the seeming diffidence, reluctance, hesitation and "on again-off again" that has been displayed by me since I adjourned this debate is not deliberate, because when I moved the motion for adjournment I did not know that there was going to be a leadership convention. I had not heard the people who were saying: "Oh, no, not me. I will need a couple of weeks to think it over." It was just a coincidence of the timing of the Senate debates. If I had not been told long ago that you should never begin a speech by an apology, that it will come naturally to those who hear you and you do not have to say it, I might apologize for the seeming delays and I might even say that I am sorry that it is, shall we say, in senatorial terms, probably late in the day, but I am not terribly apologetic about that because I know that everybody has had a week off for the winter break. As well, we are meeting only twice this week, so I am not terribly apologetic for the ordeal you must endure if you stay and listen to my remarks on this important subject of Senate reform.

I am somewhat ill at ease on one account. I was trained in the university scheme of debating in which you heard someone for the pro and someone for the con—affirmative and negative—and here I find myself moving into a fast-flowing stream heading in what I think is the right direction and everybody I hear is saying the kinds of things with which I agree. Being a minority type of man, a Progressive Conservative and a Red Tory at that, I am not used to being in a majority; it upsets me. I just wonder how I got there and who is wrong. I am following Senators Le Moyne, Steuart and Donahoe. Where are the people who think that this report is a good thing? Why are they not standing up and convincing me? I might have given a different speech had I heard the eloquence of some of the principal architects of this fine report, but I have been denied that opportunity.

• (1600)

It is a sad situation. Our senatorial colleagues and those from the other place clearly have done a fine job. I agree with Senator Donahoe that it is a well-printed, well-written and interesting report. It is the kind of thing of which the Senate can be proud, and I congratulate all my colleagues for their

diligence. I would love to be able to say, "Not only did you do a good job, but you thought well and you came up with good conclusions," but, if I said that, I would be either a jokester or a hypocrite, and I am too old to take up those two characteristics and qualities now. I am afraid, honourable senators, that this beautifully-written, well-bound, attractive report will have no better success in terms of enactment than the less voluptuous earlier volumes which have preceded it.

Paddy Sherman of the Ottawa *Citizen* said that the committee began by studying all the former reports and for that alone, they deserved a medal. That is an interesting remark for a newsman to make; here we are much too sedate to talk like that.

I do not see an enthusiastic majority in this chamber. I read that, at best, perhaps one-third of the senators might be supportive. With his usual sardonic understatement, my colleague Senator Doody summed up the Senate's reaction to the committee's recommendation of an elected Senate. It is lovely to quote senators' remarks from newspapers. He said:

> I could hardly say there's universal joy over the idea. The older senators warned us that they'd heard all this reform talk before and it would lead nowhere. Now I think they're going to be able to say, 'I told you so.'

I am not going to say, "I told you so"; that I will avoid, but I did say it.

There is not much from the other place about this. I read the House of Commons *Hansard* and I do not see much enthusiasm. I have not heard of any of the leadership contenders becoming excited about it. That does not surprise me, because I never thought that, when the members of the House of Commons really put their minds to it, they wanted another elected house on this hill. Wouldn't that house compete for power, for prestige and for the press? We do not have that worry; we are not going to get too much press attention. I am afraid, honourable senators, that with the impending big event in the Liberal Party we are going to get even less. We are going to lose our high profile with the media. The only way the Senate is going to get a look-in on press coverage—and I want Senator Frith to listen to this very carefully—is for some senator to run for the leadership. That is why I mention Senator Frith.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): I don't want to be in that much trouble.

Senator Macquarrie: I do not like to see our chamber ignored. Eugene Forsey, a man who never pulls punches, said simply that the House of Commons is afraid of being upstaged by newly-elected senators who would speak for their regions.

Another group is very important in terms of constitutional change—the premiers. We need the consent of seven provinces, representing the majority of the Canadian population, for any great change in our parliamentary system to be effected. An amendment prerequisite to restructure our national legislature requires their consent.

I have heard the premiers talk of Senate reform. Some of them have authored books about it—very nice volumes, too. Where are the premiers now? Are they in the forefront and advocating reforms to which, at an earlier day, at earlier stages, at earlier dominion-provincial conferences, they attached importance?

In the lists of witnesses who appeared before the committee, I see the names of two premiers from the provinces of Prince Edward Island and New Brunswick and of a representative of the Northwest Territories. Where were the giants of Confederation? We thought they were interested. I believe they were hospitable to the committee when it visited their capitals but, to use the jargon of the day, they do not seem to be "up front" on this at all. In fact, to use my sort of reference—archaic, square, Bible-quoter—it seemed to me that, when they talked with members of the committee, they came like Nicodemus—by night, quietly, off the record—we do not have a *Hansard* report. Now we discover that eight out of ten demurred from appearing before the committee day or night. Not too much support there.

The committee, in its report, I thought, showed great solicitude for the provinces. A charming section of the report states:

> Provincial governments, which now frequently speak on behalf of the people of their provinces in federal as well as provincial matters,—

That is rather a good one.

> —would no longer have to carry that additional load.

I am afraid, honourable senators, that those sentiments of solicitude, of care, of sharing the burden, will be unrequited. The silence from the provincial thrones is very significant and very ominous for those who want this report to be adopted.

It seems to me that the provinces have other priorities. I believe they would prefer to do their own representing directly. I am told that about 500 federal-provincial conferences are held each year. If a change were to take place, I think they would like to appoint the members of the upper house because, when appointments are made by provincial authorities, it is not patronage; it is only when a federal appointment is made that it is mean, dirty, political patronage. I think they would rather carry on as they are and have been, whether the upper house of Parliament is elected or not. That, honourable senators, is another grim forecast I feel compelled to make.

Premier Peckford of Newfoundland, an outspoken man, as many Newfoundlanders are, said simply that it is not a top priority. The Premier of Manitoba has a different view. He thinks we should abolish the place.

Hon. Martial Asselin: What about the Premier of Prince Edward Island?

Senator Macquarrie: The Premier of Manitoba is an abolitionist on capital punishment and on the Senate—consistency at least.

I am going to get to the Premier of Prince Edward Island, Senator Asselin; I believe in leaving the best to the last. The Premier of Quebec was colourfully condemnatory. He said, if I

remember rightly, that it would mean adding another section to the madhouse down here. The spokesman for the Premier of Ontario, Attorney-General McMurtry—perhaps this indicates why the Conservative Party of Ontario is so long successful; they know what to say and what not to say—said that the opinion within the ranks of the Government of Ontario would be quite divided on the issue. He did not get into any trouble with that comment.

Senator Stanbury, who is an expert and has served on many of these committees, put the thing in the most succinct terms. He said:

> Premiers now believe they have a role far beyond their jurisdiction, they see themselves as spokesmen (for their provinces) on every national issue.

Senator Perrault, whom I did not hear from today, said:

> Provincial premiers see themselves as the only legitimate representatives of provincial and regional issues. They'll view an elected Senate as a rival.

So warned Senator Ray Perrault during the hearings. He was right, according to the Toronto *Star*. Honourable senators, I do not usually quote the newspapers in this place, but I am so excited about quoting senators that I just get carried away.

• (1610)

The committee must ask: Where are the friends of yesteryear? The premiers do not seem to be avid; the Senate is not enthusiastic; the House of Commons gives no ringing endorsements. But what of the government that set the whole thing in motion and that, at one time, said: "Do this in 12 months and 12 months only; no waiting, no dilly-dallying, no gathering dust"? I detect a lack of zeal there, too.

I read in the Toronto *Star*—it is my day for the Toronto *Star*—that Prime Minister Trudeau has warned that he favours Senate reform but has warned as well that the requirement for provincial consent could make the process a tough and lengthy one. Honourable senators, that is why we love the federal system. On questions like this we can always say, "Oh, after you, Alphonse." "No, after you, Gaston"— the provinces—the federal—the provinces. You never get through the door that way, and that is what the whole story is about. Perhaps we should have seen that the apparent zeal really covered up a tepidity in the matter. As I recall, the motion to establish this committee languished on the order paper for about four months before the personnel of the committee were actually named and the committee was therefore empowered to do its work. There was a change somewhere along the line—something that perhaps we did not notice. The tone, the tempo of the earlier message had changed, and the committee, which had once been told to "get ye out into the land and bring me a new Senate," was replaced by something much less purposeful, much less direct than what had been foreseen in these strong winds of change.

Honourable senators, I read—perhaps for the last time—from the Toronto *Star*:

> Officials in the Prime Minister's Office and Government House Leader Yvon Pinard's office yesterday called Senate reform a medium-term priority unlikely to receive any aggressive government support this year.

God help us, it is only March. That is an awfully long time to do without "aggressive support".

Honourable senators, I was out of the country, shall we say, in January, and I received a call from the CBC in Charlottetown—they are smart enough not to forget me—asking what I thought were the prospects for the adoption of this committee report. I said that it is about as likely to occur as I am to become the Archbishop of Canterbury.

Senator Frith: Oh, are the chances that good?

Senator Macquarrie: When I returned to Ottawa that night, I read that Eugene Forsey had said the same thing. So here are two non-conformists, both after that particular job but having the same view on the support of this report.

Honourable senators, one thing that has impressed me about Senate reform is that, down through the years, few subjects in Canadian politics have had a more popular initiation. The Liberal Party is having a convention here in June. It held another one in 1893 in this same city, where the big item on the agenda was Senate reform. 1893 is an awfully long time ago, honourable senators, but while it is always popular to suggest Senate reform, there is absolutely no political danger in doing nothing about it. I think that is where we are at the present time. It seems to be a lovely idea but it is never executed. This reminds me of Butler's Erewhon and the musical banks—they were just great and the currency was beautiful but nobody used them.

The Liberals did not suffer after 1893 for not having reformed the Senate, and they have been in for an awfully long time—some people think for too long, especially the poor Conservatives. I have a feeling that we are not going to see tremendous urgency on this matter. I do not know if anyone is going to line up all the hopefuls—the 15 people who want to be leader of the Liberal Party—and grade them on a scale of one to ten as to what they are going to do about Senate reform.

Honourable senators, so much for my role as the prophet. Now I will try that of the analyst. There are some other things which trouble me. I had hoped that, some senators having been to Australia, the committee would have followed more carefully the Australian model. That is what I expected would happen. I thought that we would see recommended something more exciting and interesting, like equality of provincial representation. Ah, there would be something!

Hon. John M. Godfrey: For Prince Edward Island!

Senator Macquarrie: We are not going to forget Prince Edward Island, no, indeed, but I thought that the Prince Edward Island government produced a very interesting document. That government did not fall into another error that the committee fell into, I am afraid, in suggesting, as it did, a bigger Senate. I think it is a great mistake to suggest, if we see something that is inadequate, that we should just make it bigger. The same mistake is being made, if I may say so, in the House of Commons. The Americans have put a restriction on the number of members in the House of Representatives, no

matter what happens to the population. "It is not growing like a tree in bulk, doth make man better be." Size is not the answer at all. The Government of Prince Edward Island suggested a smaller Senate, and I think that that is a wise suggestion.

Honourable senators, the American Senate is the most powerful deliberative body in the world. Probably not since the great Roman Senate, in its brief heyday, has there been such a body. It handles the affairs of that vast nation, and there are only one hundred senators. In Australia—that beloved country of reformers—the Senate numbers sixty. Why have we suggested a Senate numbering nearly two hundred? I could not understand it then and I do not understand it now.

Honourable senators, go back and think of Australia. That would be my suggestion.

Hon. Jack Marshall: Another trip.

Senator Macquarrie: Senator Marshall says, "Another trip," but I suppose that, to be really fair, we could stay here and count them, if we wanted to.

What has upset me—and I thank Senator Godfrey for directing me to this—is that there has been a half-hearted move towards equality, but, in this year of George Orwell, it seems that some are equal but not quite as equal as the rest. There are so many representing Nova Scotia, the same number representing New Brunswick, the same number representing Newfoundland—great—the same number for Manitoba—fine—but what about Prince Edward Island? There are 12 for Nova Scotia and six for P.E.I. Is that equality or is it discrimination? What the committee has done is compound an error that was made between 1865 and 1867. Two provinces came in to join with the "province" of Canada from the east, Nova Scotia and New Brunswick, and how did they divide up the Senate? They gave the one province 48 and the two provinces from the east settled for 24. It should have been the other way round. It shows that even our great ancestors—and a lot of them were Conservatives—made a mistake. People will say, "Well, of course, Prince Edward Island does not have as many people." The point is that representation by population prevails in the lower house not in the upper house. Prince Edward Island deserves the same as the rest, not because it has 122,000 people, but because it is one of ten provinces. That is the explanation and that is what the Americans saw and the Australians saw. I think the committee saw it, but it was through a glass darkly and they did not quite get that far. Had they done so, they would have struck a blow for democracy. They would have come ringing down in support of a true confederation; and I could have swallowed and accepted practically everything else, had they made new ground like great reformers should. We must not lose sight of these things. Perhaps in some future dispensation this will be looked at again, because I think there will be more reviews of the Senate.

• (1620)

I do not like the discrimination against Prince Edward Island and I wonder where it came from. I wonder if someone picked up some old note, as there is an awful lot of paper lying around Ottawa. For years—and I am constrained from saying what I really think of it because this is a respectable assembly—they had a formula for paying lieutenant governors. The rule was that everybody got $10,000, except Ontario and Quebec, which got $12,000, and Prince Edward Island, which got $8,000. That foolish formula seems to be hanging around again. In terms of the Senate everybody gets 12, except the two big ones and Prince Edward Island, which gets six. Shame, shame! We got the matter straightened out about the lieutenant governors. It took a long time. I am sorry to say that a government of my own party did not do it, but Mr. Pearson's did. It was a fine gesture and shows a great perception of the true nature of federalism and equality, the juridical equality of the provinces. They are unequal in many respects, but you must not regard them as unequal in juridical matters.

I was delighted with the speeches that I heard. I was most moved by Senator Le Moyne's. He was eloquent in both languages and, in my judgment, magnificently correct in his conclusions. How could you not respect a man like Senator Le Moyne?

Senator Asselin: He is a poet.

Senator Macquarrie: He is a poet and he is more than that. In my judgment, he is a hero. Any man who stands as a minority of one must have something that is all right about him. I thought of James Russell Lowell who said:

> They are slaves who dare not be
> In the right with two or three.

But he stood there one, alone, and he had a good word to say about the principle of appointments.

Senator Frith: And he agrees with you?

Senator Macquarrie: That is the real intellectual coup de grâce, of course. Or, since he spoke first, let me say that I agree with him. I thought that he was very sharp, as a good scholar, when he drew attention to that hurtful but clear, sharp line at the beginning:

> An appointed Senate no longer meets the needs of the Canadian federation.

I thought of all my colleagues who month after month served to represent us, so ready to say at the very beginning of this document that the kind of Senate which they constituted, because they were all appointed, had outlived its usefulness. Not one, long, lingering look came from anyone except Senator Le Moyne.

I know that we are told, "Do not be vain in your own conceits," but, surely, someone would have thought, "You know, there must have been something good since 1867; surely, there was one of us who had some validity, who made some contribution." Perhaps that line was used for grammar or style. For example, Dickens opened the "Tale of Two Cities" with:

> It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity,—

He had a balance, and probably it is better to strike for one side, as the committee did, to get attention.

I remember Professor Arthur Phelps, who taught magnificently at what is now the University of Winnipeg, when telling us how to begin a novel. It was quite shocking for those days many years ago. He said the ideal opening is: "Hell," said the duchess; "let go of my leg", because with that you grabbed all these interesting things. In the report the committee started by saying that we are no good, that we have outlived our usefulness. How sad.

Senator Le Moyne made me a bit uncomfortable when he talked about guilt. Guilt is one of those things where, if you get too carried away down the Freudian path, you get into fantasies and follies that are pretty upsetting for some of us who are of middle age. But I drew another form of guilt with my religious upbringing, and that was Calvinism. We were always terrible people, just awful, sinful types and all, even the best people around, were filled with sin according to their own confessions. I refer senators to that delightful creation of a Prince Edward Islander, "Anne of Green Gables." Anne was being chastised by Marilla, who said, "You know, bad people will never prosper, Anne." To which Anne replied, "That is very strange. Mr. Bell, the Sunday school superintendent, is a terrible man and he is getting along all right." Marilla asked, "Anne, why are you saying things like that about Mr. Bell?" "Well," she said, "I heard him yesterday in Sunday school. He stood up and told God that he was a vile sinner, guilty of blackest iniquity." I am not going to load guilt on the Senate members of the committee. I will only say to them that I think they were wrong. I think they gave up too easily and too quickly on the principle of appointments.

It is easy now, apparently, to swallow what Arthur Meighen used to call "some political nostrums"—the idea that there is something about the expression "the elected Senate" that is more "hep," more with it; it will straighten out all the ills of Confederation, if the Senate is elected. I think that a more balanced judgment about this place would have been in place, if I may put it that way. I have been serving the Canadian Senate, and I was studying it long before I came here.

Senator Asselin: You wanted to come.

Senator Macquarrie: I did want to come, and I came with great pleasure and no reluctance. I think I know far more about the Senate than any of these newsmen who will occasionally deign to drop a bit of denigration upon this place. They know nothing about its workings. Do you ever see any of them around? Do you ever hear of them attending a committee meeting, where the work is universally regarded as of a very high calibre? What would they know about the kind of work that is being done here, because they have swallowed the foolish nostrums that this is a place to sleep—not even to dream, just to sleep—made up of "Gerontons," people who are party hacks. One thing that always amuses me is that every time a new batch of appointments is made there are two stories. "They are old bagmen for the party. They are old codgers, old cronies." Then there are always one or two who bring out this kind of story: "If that man lives to be 75, over all this eternity of his growing adolescence he will be paid many millions of dollars." You cannot have it both ways; either you are appointing them too young and keeping them there too long or they are a bunch of old codgers.

• (1630)

The conventional wisdom about the Canadian Senate is to say something dirty about it, something negative. I believe those who know the Senate better—and the committee members must have known it better—could perhaps have stood against that. They would have said that down through the years there have been great people here and they got here by appointment. Would we say that the former distinguished senator, Senator Manning, should have been asked to run in Alberta? Would we say the same thing with respect to Senators Smith and Robichaud? No doubt these people could have won elections; but would it have been wise to deprive the national legislature of Canada of the services of these people? I think not. Would it have been a good thing for Canada if the great Senator Dandurand had never been appointed to the Senate? He did not run for anything, as far as I know. Was it a mistake for the wonderful man Arthur Meighen to be appointed to this Senate and to adorn it with his oratory for years? Should we have written off Eugene Forsey because he failed in an election many years ago? Of course not. That is the kind of thing one can say about the Senate without vain boasting, without any stupid in-house blind loyalty, because it is the truth.

I know there is great criticism every time appointments are made. I think some of these appointments add great lustre to the place. I do not think we have to apologize for the fact that they do not come in through the electoral process. Why was the Senate established in the first place? Was it to be a replica of the lower house? No. The essence of bicameralism is that you have two different chambers. I am an eager young researcher; I try to study as much as I can about bicameralism from James Bryce to Robert MacKay, and I go even further back. As with many things, they say that bicameralism started with the ancient German tribes. The idea was that, if the chiefs looked at it twice and twice agreed on the same point of view, then the people would obey. They looked at it, first, sober and they looked at it, second, drunk. If they came out with a yes, it passed. I am absolutely sure that had nothing to do with the expression "sober second thought."

I think, too, that as in so many of these palliatives we must be more analytic. I notice, and I am not criticizing the man, that Mr. Cosgrove, the joint chairman, said in Charlottetown that through an elected Senate more women would be elected. That sounds fine, does it not? However, there have been elections in the lower house since 1867, yet I do not think there was a single year—in fact, I am sure—when there were not more women in this chamber, both relatively and actually, than there were in the other one. If the elective process gets the women there, then why are they not there now? That is just another bit of seemingly valid argumentation that, regrettably, is not so good.

I know there are those who will say that the doctrine of election is the star, the golden gem of the committee's report. I say that it is the opposite. I say that is where they erred most; it was their biggest mistake. Why do I say that? I say that not only can we not embrace duplication but that there is great danger that when or if this house should become an elected one it would be very easy for it to pick up not some of the great qualities of the lower house but some of its worst ones. I served with great pride in the House of Commons for 22 years. I was honoured to be sent there eight times. I have the greatest regard for that chamber. We know where the power is; we know that it is in the "House of Confidence". We know that it is more important than our house in matters of power and related fields. I always thought that in the House of Commons too much time was spent on voting. I remember in 1957, as a new, young, thin man, we had, not the Speaker or the Deputy Speaker but, rather, the Assistant Deputy Speaker presiding over a committee. He made a ruling with respect to procedure. I think Senator Muir will remember it. He ruled that a certain clause was not acceptable. What happened? A motion was put forward to appeal his ruling, and I remember a then young Conservative from Ontario saying that he thought it was a good ruling, that the clause should not have been accepted. That young man was told very quickly from on high, "You go in there and vote with the government. That is what you will do." Can there really be a Conservative point of view with respect to procedure and a Liberal one? I find it incredible that with respect to a matter of interpretation there would be party lines.

I shall never forget one evening in the House of Commons years ago. There is a procedure by which delayed, retarded or collected votes gather up all sorts of amendments and motions, and then in an evening maybe 35 will go through. I looked up at a bunch of young students in the gallery. I do not know whether they were high school or university students. They saw us rising and voting, rising and voting, rising and voting. I looked at the expression that went from one student to another. I had an idea of what they were thinking about these mature representatives of the nation endlessly coming up with 139 to 94 and so forth. We spent two or three hours there in this process. Is it necessary? Will it happen here? Of course it will happen here, because one of the greatest mistakes the committee made was with respect to an elected Senate. On page 3 of the report it is stated:

> We also propose that every effort be made to ensure that senators have a significant degree of independence of party.

Then in a following paragraph it is stated:

> We recognize that, in the absence of proportional representation for an elected Senate, the political parties will have to work hard to achieve balanced representation from across the country in the Commons and the Senate.

How can they say they are diluting partyism and then, several lines later, say that "the political parties will have to work hard . . ."? We know very well that, when an elected Senate is called for, the label of the party will be branded on the forehead of every man who runs—and there will be counting. The Conservatives will get 20 in Quebec and the Liberals will get four. In Alberta the Liberals will get 10 and the Conservatives two, or something along that line. Is it not the case that, instead of attention being focussed on what we are discussing here in the Senate, a good deal of attention will be paid to the vote? How many times have we seen on national television a report regarding a vote with talk about whether the Conservatives lost a vote or the Liberals lost a vote? There is very little talk about what the house was voting on.

• (1640)

In other words, the process of partyism will become predominant—if you will note my alliteration—and therein lies great danger. We know that without parties, parliamentary democracy cannot function. In the last analysis there must be someone who values party more than anything else. Someone once said to John A. Macdonald, "I will stick by you as long as you are right," to which Sir John A. replied, "You cannot run a political party unless someone will stick by you even when you are wrong." So the principle is there that we must have solid parties.

However, something else is also required. If the emphasis was all on party, the governments would never change. That other important factor is independence. Our founding fathers spent a great deal of time on the formation of the Senate and they showed a great deal of wisdom in combining party with independence. If the Senate of Canada has erred in the generations since, it is because its members have not used their independence.

The Report of the Special Joint Committee on Senate Reform tells us that senators will be elected for nine years and that, after that time, they will not run again. That looks to me as if you can get in on promises but you cannot be kicked out on performance—and cannot be re-elected on it either.

It seems to me that the object of the exercise is to downgrade partyism and inculcate strength and independence. However, if we are to be logical, that object would be better served if senators were not elected in the first place.

Historically, we are told that people are appointed to the Senate to exercise independence. The practicality of this view is reflected in the fact that, in the Senate, we have fewer votes and, as long as we are not wearing heavy party labels around our necks, that luxury will prevail. Also, in the Senate we do not spend a great deal of time talking procedure. Personally, I have never heard a procedural argument that ever did the country much good or, indeed, the people who listened to it. Another area in which the Senate differs from the House of Commons is that, in the Commons, there is a relentless scoring of points.

There are several things in the suggestions of the committee that trouble me. In my view, much more reflection must go into the appointment of senators on a linguistic basis. I confess that I am myself unilingual. I am sorry about it, but I am now too old to correct it. However, I would not like to be told that, on a matter respecting language, I would be less sensitive to

the rights of Canadians because I do not speak two or three languages, although I respect people who are linguistically gifted. There was an old saying that philosophers should be kings, and I am not sure that, in this instance, we should make the translators kings. This whole issue, in my view, needs a great deal more thought. If I were a francophone member of the House of Commons and I saw that, in the Senate, there was a membership which had greater authority than I, then I would indeed be concerned.

There is another matter which Senator Phillips mentioned to me on the day that this report was issued and that is: How would the election of senators affect the passage of money bills? If senators became the people's representatives, would they have the power to amend, and perhaps even originate, money bills in the Senate? That, too, is a matter that requires very serious reconsideration.

Honourable senators may have discerned, in my remarks, a lack of enthusiasm for the report of this committee. If that is the reading, then it is a correct one. I believe that this report will not take effect. I cannot believe that this report will have great priority, as Premier Peckford said. If that brilliant young leader of my party, the Honourable Brian Mulroney, becomes Prime Minister of Canada within a year, there will be so many other enormous things for him to do that Senate reform will probably not find a place within his top 25 priorities. In the case of a new Liberal leader, whoever is chosen, I cannot see that Senate reform will be his first priority either. I do not see any great conversions among the premiers, and, therefore, I am not expecting that Senate reform will take place. I did not appear before the committee, because, at the time, I said that I resented the suggestion that two houses be involved in a question dealing with the reform of only one of them. I thought that was inappropriate. I think so still, and that marred my appearance before that committee. However, I appreciate very much the courtesy with which the co-chairman, Senator Molgat, handled relations with the rest of the Senate. I commend him and all who served with him for their diligence and hard work. If on several measures they were wrong, that is a prerogative which is extended to all of us and which all of us exercise from time to time.

On motion of Senator Denis, debate adjourned.

TRANSPORT AND COMMUNICATIONS

STANDING SENATE COMMITTEE AUTHORIZED TO ADJOURN FROM PLACE TO PLACE IN CANADA AND THE UNITED STATES

Hon. Léopold Langlois: Honourable senators, on February 23 last, as Chairman of the Standing Senate Committee on Transport and Communications, I introduced the following motion:

> That the Standing Senate Committee on Transport and Communications, which was authorized by the Senate on January 19, 1984, to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc., be empowered to adjourn from place to place in Canada for the purpose of such inquiry.

[Senator Macquarrie.]

Since that motion was introduced, my committee has received an invitation from Amtrak to visit their facilities. In accordance with that invitation, and with leave of the Senate, I move that the original wording of that motion be modified in the last line as follows:

> —be empowered to adjourn from place to place in Canada and to Washington, D.C., Beech Grove, Indiana and Chicago, Illinois.

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

Hon. Senators: Agreed.

• (1650)

Senator Langlois: Honourable senators, on February 28 the Standing Senate Committee on Transport and Communications was informed by Mr. Jim Barber, Manager of State-Community Affairs for Amtrak, that Amtrak would be more than willing to host the committee for meetings on Amtrak's operations, structural set up and costing procedures in Washington, D.C.

The program of the visit will be as follows: Amtrak's legislative establishment and mandate, including its accountability to government, its funding basis—for example, its debt, subsidies received—and its structural organization; its present situation, including share of the market, growth of ridership since Amtrak's creation, financial situation, route structure, types of services provided—for example, high speed and tour packages—and train control; the railbed ownership, including the number of rail lines owned by Amtrak versus the number it contracts to use from other railways and the method by which it acquired railbed ownership; its costing procedures, including how Amtrak negotiates operating contracts for the use of other railways rail lines and maintenance facilities; equipment ownership, including the number and types of train equipment owned by Amtrak; train car rebuilding and equipment maintenance, including Amtrak's train car rebuilding and maintenance program and facilities; and future planning, including Amtrak's plans for route structure, new equipment, funding and marketing strategies.

The officials from Amtrak have also invited us to ride on its high speed inter-city service between New York and Washington, D.C. They have also invited us to inspect Amtrak's train car rebuilding facilities at Beech Grove, Indiana, and to inspect Amtrak's switching, train control and maintenance facilities in Chicago, Illinois.

This invitation was received by the committee after Amtrak officials were informed and almost every member of the committee had expressed a desire to contact them in order to benefit from their experience. One matter of particular importance to the consideration of the committee is the costing procedure used by Amtrak. Since we have a similar problem in Canada in regard to CP- and CN-owned tracks, we think that we would benefit considerably from a study of their costing procedure. That is quite an acute problem in Canada insofar as VIA Rail's costing procedure is concerned.

During the last session of Parliament, when the late Senator G. I. Smith was the chairman of the committee, the committee held many meetings on the subject of costing bills. At that time the members of the committee expressed a desire to study the procedure used by Amtrak.

As you are aware, honourable senators, Amtrak has been operating for several years and apparently is doing very well. Consequently, I think that this would be of great benefit to our committee and I request the support of the Senate for this tour of Amtrak's facilities.

Hon. Martial Asselin: We are not opposed to the motion put by the chairman of the committee, but I do not know whether this was discussed with the Leader of the Opposition. He is not present in the chamber now, so I wonder if we could postpone the adoption of this motion until I have had an opportunity to discuss this matter with him. If this is not urgent, I suggest that this be adjourned to the next sitting of the Senate.

Senator Langlois: I did not discuss this with the Leader of the Opposition, but the deputy chairman, Senator Balfour, is well acquainted with our proposal. If I remember correctly, he was one of those who proposed this visit.

The problem is that I need to have the budget for this trip approved by the Internal Economy Committee and I cannot appear before that committee until this motion has been adopted by the Senate. The budget is now in the hands of the administrative branch of the Senate.

Senator Asselin: When are you scheduled to appear before that committee?

Senator Langlois: I am scheduled to appear before that committee on Tuesday next at 10 a.m. That is why I am pressed for time.

Furthermore, the officials from Amtrak have asked for at least three weeks' notice so that they can arrange the trip. That, in itself, will postpone the trip to the end of March or perhaps to the beginning of April.

Senator Asselin: Since you have discussed this matter with the deputy chairman of the committee, Senator Balfour, and he has agreed that this trip is required in order to improve the knowledge of the committee, I am prepared to give consent.

Senator Langlois: I see that Senator Macdonald is nodding his head in agreement.

Senator Asselin: I did not consult him.

Senator Langlois: But he is a member of the committee.

Senator Asselin: I know that.

Motion, as modified, agreed to.

The Senate adjourned until Thursday, March 8, 1984, at 2 p.m.

THE SENATE

Thursday, March 8, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTH REPORT OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's sixth report approving the budget of the Standing Senate Committee on National Finance.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

NATIONAL FINANCE

NOTICE OF MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO COMPLETE EXAMINATION COMMENCED IN PRECEDING SESSION

Hon. C. William Doody: Honourable senators, I give notice that on Tuesday, March 13, 1984, I will move:

> That the Standing Senate Committee on National Finance be authorized to complete its examination of the role of the Federal Government in generating economic development through technological change, begun under its examination of the Main Estimates 1982-83, tabled in the Senate on 23rd February, 1982;
>
> That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and
>
> That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, March 13, 1984, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government whether there is any legislation to come before the Senate next week.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I had passed to me a note expressing some expectations or hopes with respect to legislation, but I do not seem to have it in front of me now. Perhaps the Acting Deputy Leader of the Government can deal with the matter.

Hon. Léopold Langlois: Honourable senators, a note has just been given to me which indicates that there are the last two of the group of private bills which, if enacted, would exempt the petitioners from the public general law relating to marriage. That is all the information I have.

Senator Flynn: There is nothing coming to us from the House of Commons?

Senator Langlois: No.

Motion agreed to.

QUESTION PERIOD

[*English*]

FINANCE

EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. In view of the new low reached by the Canadian dollar in comparison to the U.S. dollar over the past 23 months and the decision of the Bank of Canada to increase the bank rate from 10.07 to 10.20 per cent, has the government leader any comment to make on the prospects with regard to the value of the Canadian dollar and interest rates?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think it would be inappropriate for any member of the government to attempt to forecast what the value of the Canadian dollar in relation to the American dollar is going to be, but an analysis of the situation is fairly clear to anyone who has an interest in these things. There has been a change in relative interest rates recently in Canada and the United States that obviously has an effect on the demand for conversion into Canadian or United States dollars. The adjustment that was made by the Bank of Canada earlier today is also a reflection of that factor. We have expressed the hope on a number of occasions that interest rates will not begin another

rise to the point where they interfere significantly in the economic recovery that has been ongoing for many months, because certainly there is a direct relationship between those two factors as well. To answer the question of the Leader of the Opposition directly as to what the prognosis of this is, I think it would be inappropriate to make a comment on that.

FISHERIES AND OCEANS

NEWFOUNDLAND—ANNUAL SEAL HUNT

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning the impending east coast seal hunt. Yesterday in the newspaper there were two conflicting statements on it, one by the Secretary of State for External Affairs and the other by the Minister of Fisheries and Oceans.

The Secretary of State for External Affairs is reported as indicating with regard to the controversial Newfoundland seal hunt:

> We (the government) haven't reached any decisions yet but we are considering what we ought to do—

The Minister of Fisheries and Oceans was reported in another newspaper article as saying in the House of Commons:

> Ottawa won't cave in to "despicable criminals" and end the East Coast seal hunt this year . . . . The hunt will go ahead this year although on a much reduced scale from the past, . . .

Could the Leader of the Government resolve that conflict or relate the correct information to us, because I am sure the sealers in Newfoundland will be anxious for that information?

Hon. H. A. Olson (Leader of the Government): Honourable senators, regarding the construction that is put on those two statements, it requires a very vivid imagination to assume that there is a conflict between them, because it suggests that there is more behind the statements than was expressed. While Senator Marshall, or anyone else who wishes to, can do that, I think we ought to ask those who made the statements to give an explanation, if an additional explanation is required.

To answer the latter part of his question, I give him the undertaking that I shall make the inquiries.

Senator Marshall: The Leader of the Government always takes my questions as being devoid of the sincerity with which they are expressed. We know that the government supports the seal hunt. I am only seeking information, as a representative in the Senate of my region.

Senator Olson: Senator Marshall should not be so sensitive. His preamble to the question was whether I could reconcile the difference between the two statements. I listened carefully to the statements and I could not find any contradiction in them.

SUPPLY AND SERVICES

USE OF AMERICAN AIRCRAFT FOR FIRE-FIGHTING OPERATIONS IN NORTHWEST TERRITORIES

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. My question deals with a news release dated March 5 in which the Minister of Indian Affairs and Northern Development, on behalf of the Minister of Supply and Services, announced that the Government of Canada awarded two contracts totalling $1.75 million for fire-bombing operations in the Northwest Territories. All of the aircraft listed in the news release are of American manufacture. Is there any specific reason why American-made aircraft are required to be used in the Northwest Territories as opposed to Canadian-made aircraft?

Hon. H. A. Olson (Leader of the Government): Honourable senators, this is another of those questions where there is incomplete information. If these are fixed-wing aircraft, then there is one set of circumstances, but a great many fire control operations are now undertaken by helicopters. While we have come a long way in setting up a helicopter manufacturing industry in Canada, we do not yet have one. So in connection with contracts that involve rotary-wing aircraft, obviously the aircraft must come from outside of Canada.

Senator Phillips: I am happy to inform the minister that the aircraft used are fixed-wing aircraft—the four-engine DC-6 air tanker and the two-engine Douglas A-26.

Considering the amount of money that the Minister of State for Social Development has poured into Canadair, could the government not have considered the Canadair CL-215 instead of American-made aircraft, or does the government not have the same opinion of Canadair as does the minister?

Senator Olson: Honourable senators, anyone who does a reasonable assessment of the relative merits of water-bombing aircraft will know that the Canadair CL-215 is one of the best, and has been recognized as such, for that purpose manufactured anywhere in the world. Senator Phillips perhaps does not recognize that there may be a number of other factors in the contract, and, of course, that is the part that he left out. I am not saying that he did that deliberately. Perhaps he is not aware of the other factors that determine the awarding of these contracts. However, I will look into it and will provide him with further information.

Senator Phillips: Would the Leader of the Government inquire if any of the proposals studied by the two departments included the CL-215 as the aircraft to be utilized rather than the American-made aircraft?

Senator Olson: Honourable senators, I shall look into that. However, the answer may be far more encompassing than that simple factor in the total of what was considered in awarding the contracts.

TRANSPORTATION

SENIOR GRAIN TRANSPORTATION COMMITTEE—TERMS OF REFERENCE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on February 14, 1984.

Hon. Martial Asselin: He is not here. It should wait until next week.

Senator Argue: Senator Roblin will read it in *Hansard*. I will give the answer now.

Senator Asselin: But he may have questions on it.

Senator Argue: Senator Roblin asked a question on February 14 regarding the terms of reference of the Senior Grain Transportation Committee. Section 12 of the Western Grain Transportation Act specifically sets out that the committee is to "advise and make recommendations to the minister or administrator on any matters affecting transportation, shipping or handling of grain." This clearly puts the committee in an advisory role and therefore it has no executive capacity, as the honourable senator may have felt was inferred from his reading of the booklet entitled *What Does the Western Grain Transportation Act Mean to Western Grain Producers*.

I have re-examined this booklet, which was issued by the Minister of Transport, and it clearly states that the committee's powers are solely to make recommendations. The Western Grain Transportation Act does not alter the roles or the functions of either the Canadian Wheat Board or the Canadian Grain Commission.

• (1410)

[*Translation*]

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (JOSEPH ROLAND RÉJEAN DAOUST AND MARIE LISE SYLVIE GIRARD)—SECOND READING

Hon. Fernand-E. Leblanc moved the second reading of Bill S-8, to provide an exception from the public general law relating to marriage in the case of Joseph Roland Réjean Daoust and Marie Lise Sylvie Girard.

He said: Honourable senators, you will recall that, when I addressed the House on February 2 in the context of moving second reading of Bill S-3, I indicated to you that Bills S-2 to S-5, each concerned with a couple related by consanguinity, would be followed by four more bills, each concerned with a couple related by affinity. Of this latter group of petitions and bills, we have already seen fit to pass Bills S-6 and S-7 on second reading and to send them to the Standing Senate Committee on Legal and Constitutional Affairs. Today I propose to you that we do the same for Bills S-8 and S-9.

Honourable senators may well feel some reluctance in acting on two more of these marriage exemption bills when they know that six have already been referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[Senator Olson.]

As you know, that Committee is waiting to hear the government's position from the Minister of Justice and Attorney-General with respect to both the desirability of amending the public general law of Canada in this area and the desirability of granting exemptions in particular cases by private Act.

Notwithstanding this natural reluctance, I urge that these two bills be passed and sent to Committee. My reasons for so urging you are twofold.

Firstly, there is the issue of natural justice to the parties. In the case of these last two bills, as in the case of the previous ones, most of the preliminary procedures had been carried out prior to the tabling of the first petition in the present group of eight bills. Time has been expended. Costs have been incurred. Hopes are high. And they are reasonable hopes in the light of the precedents.

Secondly, there is the question of balance. As I have already mentioned, Bills S-8 and S-9 complete a group of four bills, each concerned with two persons related by affinity.

This group of four bills complements the first group of four bills, that is, Bills S-2 to S-5, each of which is concerned with two persons related by consanguinity. In my view, the Committee will be helped, not hindered, by having before it Bills S-8 and S-9. The bills will add to the balance of the six already before the Committee and will thereby help the Committee to clearly focus its perspective on the question before it.

If honourable senators do see fit to accede to my suggestion that these bills be passed on second reading and referred to Committee, they will have my undertaking that, in this session, I will not sponsor any more petitions of this nature until the Standing Senate Committee on Legal and Constitutional Affairs has reported on the eight bills of this nature now before it and on the related motion to study the subject matter of the law.

Turning now to Bill S-8 in particular, the petitioners in this case are Joseph Roland Réjean Daoust and Marie Lise Sylvie Girard. Mr. Daoust is a divorced man, the ex-husband of one Lise Girard, who is the sister of the petitioning Miss Girard's father. It follows that Mr. Daoust is Miss Girard's uncle by marriage.

Hon. Jacques Flynn (Leader of the Opposition): By marriage.

Senator Leblanc: By marriage.

Hon. Martial Asselin: No, by affinity.

Hon. Arthur Tremblay: So there is no consanguinity.

Senator Leblanc: He is Miss Girard's uncle by affinity, not by consanguinity.

Senator Tremblay: Related by affinity.

Senator Leblanc: The lawyers wrote "by marriage", but perhaps that is not quite the correct term.

Hon. Jean-Paul Deschatelets: May I ask a question?

Senator Leblanc: Certainly.

Senator Deschatelets: Do you know whether Réjean Daoust and Sylvie Girard tried to get married before the authories and were denied permission?

Senator Leblanc: I do not know about that, but I am sure that in Committee we will be able to get all the details on the various problems existing for each couple.

Senator Deschatelets: They are not related by consanguinity.

Senator Leblanc: No, they are not.

Honourable senators, I move that Bill S-8 be read a second time so that it can subsequently be referred to the Standing Senate Committee on Legal and Constitutional Affairs. Thank you.

Senator Asselin: Honourable senators, I would like to reiterate what I said previously about the Bills presented earlier before this Chamber, and the major objections I expressed on my own behalf and on behalf of my Party. There is also the fact that since 1978, the Minister of Justice has not given us a reply on the feasibility of amending the general law. Considering the multitude of marriage exemption Bills that come before the Senate, the Official Opposition maintains the same principles it has been defending and which apply, *mutatis mutandis*, to this Bill as well.

We have no objection to seeing the Bill passed on second reading. However, we repeat that we do not agree to the Bill being examined in Committee before the Minister of Justice has appeared before the Committee to let us know whether he intends to amend the general law to include these exemption Acts.

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

Senator Asselin: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator Leblanc moved that the Bill be referred to the Standing Committee on Legal and Constitutional Affairs.

Motion agreed to.

MARRIAGE LAW EXEMPTION (PEARL KIM LEE AND THOMAS SIEGFRIED WIELAND)—SECOND READING

Hon. Fernand-E. Leblanc moved the second reading of Bill S-9, to provide an exception from the public general law relating to marriage in the case of Pearl Kim Lee and Thomas Siegfried Wieland.

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

Hon. Martial Asselin: Very well, but the same remarks apply for the same reasons as in the case of the other Bill.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator Leblanc moved that the Bill be referred to the Standing Committee on Legal and Constitutional Affairs.

Motion agreed to.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st, January, 1984.—(*Honorable Senator Denis, P.C.*)

Hon. Azellus Denis: Honourable senators, there is talk of reform of the Marriage Act as well as reform of the Senate. Reform is fashionable nowadays. We don't know what will happen with the Marriage Act reform; however, there is also talk of Senate reform. Sometimes, it can be costly to be fashionable, as married people know full well! In the course of my brief remarks, I will try to show whether Senate reform would be costly.

Honourable Senators, the Co-Chairman of the Joint Committee on Senate Reform, our Speaker *pro tempore* who honours us with his presence today, has clearly indicated that this Senate reform had to be considered in its entirety, that the measures proposed in this report could not be taken in isolation.

The report says:

> Our proposals for the design of an elected Senate are interdependent, and it is important that they be considered together.

This is very important. From the outset, I noticed that the Committee's most important recommendation is that senators be elected directly.

I submit that this measure, in the present context, is inappropriate and unfair. Given the significance of the matter, I will simply underline a few negative effects of such a radical change. The Senate was established in 1867 to serve two main functions: to protect and represent interests of special groups, as was stated by Sir John A. Macdonald, that is, interests of a region or a linguistic or religious group. These are more commonly referred to by the Committee as "regional interests".

In the first days of Confederation, the structure of the Senate reflected its role as guardian of regional or minority group interests, which many fail to distinguish. It is for this reason that an equal number of senators were appointed and not elected for each of the three senatorial divisions: Ontario, Quebec and the Maritime provinces. Later on, western Canada became the fourth division. As is stated in the Committee report, this was done in order to protect not only the less

populated provinces, but also the French-speaking province of Quebec.

According to historians, this kind of representation in the Upper Chamber was the sine qua non condition for the acceptance of the election of federal members of Parliament according to population.

With an elected Senate, this protection initially extended to minority groups disappears, there is no longer counterbalance to the House of Commons. And what about the western and the Maritime provinces, which claim they are under-represented, and the minority groups who feel neglected? I would be happy to agree to an increase in the number of senators in these areas if the Joint Committee did not propose to do so at the expense of the French-speaking minority. The number of senators from Quebec would not increase, staying at 24. Given the present number of senators, which is 104, the numerical influence of francophones is 23 per cent. By increasing the total number of senators to 144, this proportion is reduced to 16 per cent, while it was 33 per cent at the beginning of Confederation.

Moreover, by creating senatorial constituencies for the election of senators, the numerical influence of ethnic minority groups, be they cultural, religious or linguistic, which are not strongly concentrated, would be reduced to practically nothing.

Yet, under the system of an appointed Senate, and considering Quebec only, we have Honourable Senators Kolber, Watt, Rizzuto, Gigantes, Molson, Wood, Lapointe, Rousseau and many others. Could Quebec have a better representation in an elected Senate?

Honourable senators, to give you an idea of the limited influence Francophones and other ethnic groups outside Quebec would exert when electing senators, predominantly anglophone senatorial constituencies would have up to three times as many electors as ridings which elect members of Parliament.

I am now thinking of my friend Senator Molgat who is acting today as Speaker *pro tempore*. I wonder if in spite of his qualifications, his ability and his experience, he could be elected in his area in Manitoba. However, we could say that in his case, he would have set his own interests aside. Any other French-speaking candidate would not be more successful. The Joint Committee states that to protect minorities a committee of both Houses would carve out some special constituencies.

I respectfully submit that depending on the circumstances, the party in power, the attitude of the people in the areas to be delineated, there is virtually no chance of establishing an adequate and satisfactory division, and it is to be feared that such a division would give rise to unfairness, worries and partiality. For example, a decision would have to be made about the number of such constituencies to be set up; a selection would have to be made of the ethnic groups covered and the parts of the country where those senatorial divisions would be located.

[Senator Denis.]

• (1420)

[*English*]

Honourable senators, an elected Senate would create an injustice to the appointed senators. One-third of the initial group of senators from each province would be elected first, one-third after three years and, finally, the last third after six years. Some senators have been appointed for life, while others until the age of 75. They have acquired rights which will thus be taken away from them without regard to the unfair consequences. Who will retire first and who will retire last? No doubt injustices and discrimination will be created whether we like it or not.

At page 40 we read that every effort should be made to take account of the preferences of individual senators, and the same terms should apply to all. If everyone has the same privileges, how can the same be applied to all?

Further on in the report it is stated:

> The choice of which constituencies would elect senators at the first, second and third Senate elections would be made by the body entrusted with drawing the constituency boundaries.

Where are the privileges to be found under those circumstances?

Still further on in the report it is stated that only eight vacancies would be required to make way for the 48 senators who would join the Senate in the first election. That is contrary to what was stated above, that is, that one third of the senators for each province retire elected at the first senatorial election. One third in respect of Ontario is eight; one third in respect of Quebec is eight as well. On the first ballot one third of the senators from each province will have to retire, not just eight in total. If one supposes that those 40 new senators will be elected in the first election, then every province will lose one third of its senators just the same.

Hon. Jacques Flynn (Leader of the Opposition): That is unbearable.

Senator Denis: At the end of the same paragraph it is said that in ten years 60 per cent of the actual senators might disappear. If there are 11 lifers at the present time and they are between 75 and 90 years of age, I do not know how many will be left ten years from now.

Senator Flynn: You will be here!

Senator Denis: It is possible to put them aside, but they will be put aside by themselves.

[*Translation*]

Many of these senators to be retired have rendered great services but they will have to leave just the same. They will have been part of a Senate which has been praised for the excellent performance of its various committees and its valuable inquiries. Those tributes are to be found on pages 11, 12, 38, and 41 in the report. I did not look any further, because the entire report speaks very highly of the present Senate. The fact remains that senators will have to retire and will be replaced by individuals who will be unknown quantities. I

doubt very much that an elected Senate could have as many representatives of an equal or superior quality to that of the existing Senate because, in many cases, they will be elected thanks to their own popularity or the support of their party rather than for their ability or their special qualifications. With regard to the influence of parties we would be gullible to think that senators could be elected without the support of political parties. If we object to the partisanship of the existing Senate, an elected senator would be still more accountable and grateful to his party which would get involved in the elections and contribute towards election expenditures.

Is the Senate too costly? According to the recommendation of the Joint Committee, expenditures would increase. Some 40 additional senators would have to be paid as well as the election expenditures every three years.

I am advised by someone who is knowledgeable that such elections would cost the government $30 million every three years.

An average of 30 per cent of the population did not vote at the last three federal elections. How many would vote if senators were elected, when the powers of the Senate, as stated in the report, would be less than those of the House of Commons?

After a nine-year term, the elected senator would probably be granted a pension. There is such reference in the report. I would like to point out that he could be 40 years of age. It would be more costly than in the ease of senators of 75 or 80 years of age. We would pay the pension longer than at present. It would be perpetual and every three years, a third of the senators would retire. In addition to that discrimination, the elected senator would have to give up his profession or his trade and start over again nine years later, which would be difficult, or he could undertake a second career which would be still more difficult. It would be nonsensical to elect senators for a nine-year term. At least, if it had been decided that this nine-year term would come in the end decreeing 65 as the age limit for senators by appointing them at age 50, then they could spend their time leisurely or go to Florida, without having to find another job. After a number of years, the cost could be substantial. Added to that, finally, is the cost of compensating the 104 current members of the Senate who would have to make room for the elected members of the Senate. We would have to pay pensions to the new senators who retire after a nine-year period, as well as to all of us who are here now. Pensions would be paid to the new senators as well as the current senators who would have to go. To this we must add the recommendation for personal services to the 144 new senators, both here and back home, as is the case for members of the other place—offices, secretaries, etc. That is not the way to alleviate criticism to the effect that the Senate is costing too much money.

Just a word concerning the double majority granted to Francophones on legislation dealing with linguistic issues. This reform seems generous, for on such issues it could favour francophones from Quebec; yet, these would be losing at the same time the support of Francophones outside Quebec, because with the proposed reform of an elected Senate, very few of them would be elected.

I repeat that the advantage of this double majority would apply only to legislation dealing with linguistic issues; but for the rest, which accounts for 99.9 per cent of the Senate's activities, the numerical influence of Francophones would be reduced from 23 per cent to 16 per cent, without any senators to represent Francophones outside Quebec.

Honourable senators, a number of committee members and important witnesses have indicated that no amendment to the Constitution should be adopted, in the current context, without the agreement of the Quebec National Assembly, even if the majority required by the Constitution accepted such an amendment without Quebec's support, something which could happen.

This reform, in my opinion, would provide considerable ammunition to the Quebec Separatists, and I think that the other Quebec political parties would also object to it.

Some reform proposals contained in the preliminary report could be carried out unopposed or without resorting to a constitutional amendment. Arrangements between government leaders could easily lead to still more judicious appointments, less open to criticism, if possible, which would not make up an elected Senate.

Honourable senators, I am opposed, therefore, to all the reform proposals recommended by the joint committee as long as they remain an integral part, as the joint chairman said, a complete unit, as stated in the report, of the system of an elective Senate.

On motion of Senator Robichaud, debate adjourned.

• (1430)

[*English*]

NATIONAL FILM BOARD

FILM ENTITLED "THE KID WHO COULDN'T MISS"—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Molson calling the attention of the Senate to certain activities of the National Film Board and, in particular, to the film "The Kid Who Couldn't Miss".—(*Honourable Senator Godfrey*).

Hon. John M. Godfrey: Honourable senators, I am standing this order, but perhaps I should explain my reasons for doing so. Today I received a letter and a rather lengthy memorandum from the Acting Commissioner of the National Film Board. It was posted on February 24 but it only arrived today. I have to consider that memorandum and have sent copies of it to other senators who are particularly interested. I also want to hear the comments of Group Captain Bauer. In due course, I shall proceed with the debate.

Order stands.

ECONOMIC REGIONAL DEVELOPMENT

NEWFOUNDLAND—FEDERAL-PROVINCIAL AGREEMENT—MOTION FOR ADDRESS ADOPTED

Hon. Jack Marshall, pursuant to notice of February 21, 1984, moved:

That a humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, meetings, telegrams, etc., between the Government of Canada and the Government of Newfoundland with respect to an Economic Regional Development Agreement, and any subsidiary agreements, including priorities and the amount of each.

Motion agreed to.

FOREIGN AFFAIRS

ST. PIERRE AND MIQUELON—FISHING AND EXPLORATION RIGHTS—MOTION WITHDRAWN

On the Motion:

That a humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all papers between the Government of Canada and the Government of France with respect to the negotiations on fishing and oil exploration rights as they relate to St. Pierre and Miquelon.

Hon. Jack Marshall: Honourable senators, I received a call from the Department of External Affairs on Tuesday indicating that the information I had requested is classified. They said that I could be given a briefing at any time on the important matters addressed in this motion having to do with the tabling of documents "between the Government of Canada and the Government of France with respect to the negotiations on fishing and oil exploration rights as they relate to St. Pierre and Miquelon."

I would agree to withdrawing that motion in favour of having the briefing with the Department of External Affairs.

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

Hon. Senators: Agreed.

Motion withdrawn.

AGRICULTURE, FISHERIES AND FORESTRY

STANDING SENATE COMMITTEE AUTHORIZED TO EXAMINE EFFECTS OF OIL EXPLORATION ON FISHING INDUSTRY

Hon. Jack Marshall, pursuant to notice of February 21, 1984, moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the effects of oil exploration on the fishing industry in Atlantic Canada.

Motion agreed to.

STANDING SENATE COMMITTEE—MOTION TO AUTHORIZE EXAMINATION OF ONGOING EFFECTS OF RESTRUCTURING ON FISHING INDUSTRY—DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of February 21, 1984, moved:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the ongoing effects of the restructuring of the fishing industry in Atlantic Canada.

He said: Honourable senators, the fishing industry in Canada has been one that has experienced a never-ending series of problems over the years, which problems have been studied to death and band-aided by successive governments through various *ad hoc* emergency measures. It is almost impossible to believe that a renewable resource of such value has had such ups and downs over the years, with no solutions.

Despite its nutritional and economic value, we have failed to increase its demand domestically, and yet world demand for fish is expected to almost double by the year 2000. We not only cannot sell our fish but we are also so inept in our marketing and processing of it that we have to import $350 million worth of fish a year, much of it our own, processed in foreign countries and sold back to Canada.

Every known approach has been suggested for finding solutions to support the economic and social well-being of many thousands of fishermen on both the east and west coasts of Canada. Despite the implementation of the recommendations of the Kirby task force, problems persist, problems such as the allocation of zones and quotas, licensing, marketing, unemployment insurance regulations for fishermen, harvesting, price support, jurisdiction over the resource to the 200-mile limit, as well as those problems which affect the inshore fishermen versus their offshore counterpart, not to mention the plant workers and independent processors.

The latest solution to the almost total collapse of the industry is the restructuring that is now taking place following the Kirby report. Without taking away from the work of the task force, there is evidence of deep division over the fact that it has not answered the problems of the industry, even to the point where massive campaigns are building up in protest.

The answer, in my opinion and as I expressed in the motion, is that the Agriculture, Fisheries and Forestry Committee be authorized to examine the ongoing effects of the restructuring of the fishing industry in Atlantic Canada—and, I repeat, "ongoing effects"—effects that will be ongoing for many months and years. I think that this restructuring is a turning point in the history of the industry, and it requires a committee such as the one which was recently expanded to include fisheries and through which this chamber can contribute a great deal by way of examining and taking up regional interests on both our coasts on a continuing basis.

On motion of Senator Petten, for Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, March 13, 1984, at 2 p.m.

THE SENATE

Tuesday, March 13, 1984

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

Prayers.

[*Translation*]

NATIONAL FINANCE

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)a), I move:

> That the Standing Senate Committee on National Finance have power to sit at 3 p.m. on Thursday, March 15, 1984, while the Senate is sitting, and that Rule 76(4) be suspended in relation thereto.

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

[*English*]

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I think before we consider the question of leave we ought to allow the mover to give us an explanation as to why leave is required.

[*Translation*]

Senator Frith: Honourable senators, I have received a memorandum from the clerk of the committee, explaining that arrangements have been made to have the minister, Senator Austin, appear before the committee in order to examine the votes that come under his jurisdiction, and that 3 p.m. was the most convenient time both for the committee and for Senator Austin. That is why I moved this motion.

It would perhaps be appropriate for Senator Doody, as chairman of the committee, to add further explanations if he wishes to do so.

[*English*]

Hon. C. William Doody: Honourable senators, there is little that I can add. Members of the committee felt that it would be of advantage to the chamber, and for purposes of public information generally, if Senator Austin were given an opportunity to appear before the committee and explain the additional $550 million requested by Canadair and de Havilland this year. Senator Austin agreed to do so, but Thursday afternoon was the only time he had available. With that in mind, the committee has no alternative but to tailor its meeting to suit the time that the minister could find for this.

Senator Roblin: Honourable senators, I have had the advantage of discussion with my colleague who has just spoken with respect to this resolution, so I understand the reasons that have moved the committee to ask for this authorization. I do not intend to oppose the motion, but it seems to me that I should ask the Deputy Leader of the Government to look again at this question of committee meetings.

This becomes a weekly ritual. I do not intend to give it up, as long as there is a need for it. We have decided that the Senate will not sit on Wednesday afternoons so as to provide time for committee meetings. Lo and behold, what happens? As far as I am aware, there is only one committee meeting scheduled for Wednesday afternoon, and that is the meeting of the National Defence Committee at 4 o'clock.

Hon. Jack Marshall: It meets again at 9 o'clock on Thursday morning.

Senator Roblin: As my honourable friend Senator Marshall reminds me, the National Defence Committee meets again on Thursday morning at 9 o'clock; the Agriculture, Fisheries and Forestry Committee meets that morning at 9.30; and the Internal Economy, Budgets and Administration Committee meets Thursday at 11.15 a.m. Now the National Finance Committee is scheduled to meet at 3 o'clock Thursday afternoon.

Honourable senators, surely we can arrange our affairs a little better than that so as not to have this overlapping of the meetings of two important committees. For the reasons I have stated on numerous occasions, this places a hardship upon the opposition.

I wonder whether my honourable friend would undertake to consult with the chairmen of these committees before the end of the day to see whether some of these meetings could not be moved forward to Wednesday afternoon. We could then conduct our business in a more orderly manner. It would also make it far easier for the attendance of opposition senators, who are pretty sparse on the ground these days, unfortunately. We look forward to a change but we never know, the situation being what it is. The opposition cannot man these committees if they meet at the same time. I know that my honourable friend has a lot of sympathy for me in this regard. He has soothed me on many occasions with respect to this matter, but he does not get anything done, as far as I can see. Perhaps I am being a little hard on him, but I give him an opportunity now to try to rearrange the meetings of these committees so as to make use of our free Wednesday afternoons and to reduce some of the pressure on Thursdays.

Senator Frith: Honourable senators, I hope that Senator Roblin will not take it as only soothing when I encourage him not to give up raising this question. As he has said, the idea of sitting only on Tuesdays and Thursdays, thereby leaving Wednesday afternoons free, was designed precisely to leave

more time for the committees to meet. I hope, therefore, that the committee chairmen who are in the chamber now are paying attention. I hope that those who are not present, who, of course, always carefully read Senate *Debates* when they are not here, will note that that is the reason for this arrangement.

Next week, or more likely in two weeks, I propose to have a meeting with the Senate committee chairmen. I say now that, if it should turn out that those committee chairmen are not prepared to support this plan, then we might as well resume the sittings of the Senate on Wednesday afternoons. It is my hope that the plan works, but it will not work unless the committee chairmen consult with each other and with me about the timing of their meetings and use Wednesday afternoons. We have entered another trial period for this system. If the time available on Wednesday afternoons is not made use of, then the system will change and it will be even more difficult for the committee chairmen to avoid the undesirable overlapping of meetings that has been pointed out by Senator Roblin.

This may be soothing to Senator Roblin, but I hope that it is not soothing to the committee chairmen.

Senator Roblin: If I may be permitted, I should like to offer a comment on my honourable friend's laudable efforts to calm me on this issue. I thank him for what he said, but I point out that there has already been a meeting of the committee chairmen, as a result of which a tentative schedule of committee meetings was established. Why is that not being adhered to? That is a question I believe should be examined now.

• (1410)

While I appreciate the fact that my honourable friend intends to do something about it at some time, I would like to know if he can do anything to help us regarding this overlapping of committees next Thursday morning.

Senator Frith: Two points arise out of that question. The first is: Why is the schedule that was set up not being observed? I also seek an answer to that, because it ought to be observed. That is why I hope the chairmen of committees are paying attention. On the other point, I will try to find out if we can do anything about the committees scheduled for this week, and will undertake to see if we can arrange for some meetings to be held tomorrow afternoon that are now scheduled in that overlapping position we find so undesirable.

Senator Roblin: Thank you.

Motion agreed to.

HEALTH SERVICES

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-3

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject matter of Bill C-3, intituled: "An Act relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain acts in consequence thereof", in advance of the said bill coming before the Senate, or any matter relating thereto;
>
> That the committee have power to travel from place to place within Canada; and
>
> That the committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

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

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, before leave is granted, I should like to know if it is the intention of the committee to meet this week.

Senator Frith: According to my information, the committee is scheduled to meet only to discuss future business. I assume it is for the purpose of discussing future plans for this reference if it is accepted.

Senator Roblin: That is quite in order, but it is my view that we should deal with this matter in the normal course, on Thursday. We can accept this as being a notice of motion and deal with it on Thursday. If there is no intention of bringing the bill before the committee this week, then nothing is lost.

Senator Frith: That is agreed. Therefore, perhaps this could be taken as a notice of motion for Thursday.

INCOME TAX

NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO ENGAGE SERVICES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be deemed to have been authorized to engage the services of such counsel and technical, clerical and other personnel for any studies it undertook with respect to Bill C-2, intituled: "An Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971".

Honourable senators, by way of explanation, my reason for moving this motion is that when the Senate referred Bill C-2 to the Standing Senate Committee on Banking, Trade and Commerce, by an oversight the normal authority that it has, and has always been given over the years, to hire technical personnel to assist it in the examination of the amendments to the Income Tax Act, was not included in the motion. Therefore, the purpose of this motion is to remedy that oversight.

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

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, my honourable friend is likely to get tired of me this afternoon. Here is another instance of leave being sought. The motion has not been printed, so far as I know. I have heard it read, but it does not appear on the Order Paper or on the Clerk's Scroll. I do not know whether other members of the Senate are quicker on the uptake than I am, but it seems to me that it should at least be printed before we are asked to vote on it. There is no pressing urgency with respect to the matter. It is a routine matter—I am forced to admit that—and under normal circumstances, if it were printed, I would be disposed to grant leave. But would not my honourable friend consider it better to have it printed before we are asked to vote on it?

• (1420)

Senator Frith: I am not sure I understand what my honourable friend means about having the motion printed. Of course, none of the motions I presented is actually printed on the Order Paper yet.

Senator Roblin: They are in the Scroll, though.

Senator Frith: Yes, they are in the Scroll. As to the explanation I gave earlier, admittedly on very short notice, to my honourable friend as to why the motion did not appear on the Scroll, I thought I had elaborated on it in my explanation to all honourable senators a moment ago. However, I do not think there is any urgency to having it today. In any event, it is clear that leave is not granted and, therefore, it shall be moved on Thursday.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, March 15, at 2 o'clock in the afternoon.

Motion agreed to.

RULES OF THE SENATE

RULE 104—SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, before proceeding with Question Period, last week the Speaker of the Senate was asked to rule on a matter, and I am ready to give my ruling.

On the sixth of this month, in answer to a question put to him by Senator Phillips, Senator Austin replied as follows:

> "I will be appearing before the House of Commons Standing Committee on Public Accounts and its Standing Committee on Finance, Trade and Economic Affairs with detailed reports on the financial affairs of Canadair . . ."

and, further on Senator Austin repeated that statement as follows:

> "I will be making an extensive statement in the other place before the end of this month."

Then, Senator Flynn expressed surprise and Senator Tremblay put the following question to the Deputy Leader of the Government concerning the application of Rule 104:

> "Under that Rule, a senator must have leave of the Senate to appear before a committee of the House of Commons. In this case, does Senator Austin need leave of the Senate to appear before a committee of the House of Commons which is considering problems in the field for which he is responsible as a member of the Cabinet?"

Following debate on the question, Senator Asselin asked the Speaker's opinion in the following terms:

> "Following what has been said by the minister, I think we should ask His Honour the Speaker to refer to the precedent set during the previous session. In reading the decision given by that Speaker, you should, Your Honour, render a judgment, if you so wish."

Senator Asselin was referring to a debate held on November 15, 1979. The then Speaker did not have to make a ruling, since the following motion, as reported on p. 351 of the *Debates of the Senate* for the year 1979, was adopted by the Senate on the same day:

> "That notwithstanding any interpretation that may be made of Rule 104, permission be granted to the three Senators who are members of the ministry and have departmental responsibilities to respond to requests to appear before Committees of the House of Commons until such time as a ruling may be made by the Chair or a decision reached by the Senate on the recommendation of the Standing Committee on Standing Rules and Orders."

Paragraph 1 of Rule 104, which was then the subject-matter of the debate, states as follows:

> "When the House of Commons requests that a senator or any of the officers, clerks, or servants of the Senate attend before the House of Commons to be examined or appear before any committee thereof, such request shall be by Message from the House of Commons requesting that the Senate grant leave to such senator, officer, clerk or servant to attend."

On November 22, 1979, the Standing Committee on Standing Rules and Orders recommended to the Senate that Rule 104 be amended by adding the following paragraph:

> "In the absence of a Message referred to in subsection (1), a senator who so desires may voluntarily appear before any committee of the House of Commons."

This is now paragraph 4 of Rule 104.

The Senate amended its Rules accordingly through a motion adopted on December 4, 1979, as found on page 487 of the *Debates of the Senate* for the year 1979.

Thus, the situation today is not the same as it was at the time of the November 15, 1979, debate referred to by Senator Asselin.

Senator Austin told us that he would appear before the Standing Committee on Public Accounts and the Standing Committee on Finance, Trade and Economic Affairs of the House of Commons. Rule 104 of our Standing Rules allows him to do so voluntarily. That is my ruling.

QUESTION PERIOD

[*Translation*]

FOREIGN AFFAIRS

DROUGHT IN THIRD WORLD COUNTRIES—ATTITUDE OF GOVERNMENT

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. In fact, my purpose is mainly to obtain information and ascertain the Canadian Government's position on a major problem in Africa, where we have an extremely serious situation.

In the Sahel countries, which include the Cape Verde Islands, Gambia, Upper Volta, Mali, Mauritania, Niger, Senegal and Chad, drought conditions have progressed to the extent that entire herds are dying because of lack of water. When we realize that the Sahara Desert is advancing at the rate of six kilometers per year in these regions, it is easy to understand how the situation could become disastrous, which it has now. There is a considerable shortage of grain. Mali needs 300,000 tonnes more wheat for 1983-1984. According to UNICEF, 100,000 children will die during the drought, and 200,000, twice that number, will suffer permanent damage as a result of the present famine.

This is an international problem, and Canada has shown some leadership with respect to North-South relations. We recall that in North-South conferences, our Prime Minister took up the cause of the Third World and the help it should receive from industrialized countries. Unfortunately, the results have not been outstanding. I am not blaming our Prime Minister, but industrialized countries have not always responded to appeals by their leaders that the Third World must be helped.

Since there is solidarity among nations at the international level, we must help each other. Considering that the situation is more than disastrous and 100,000 children may die because they will not have enough to eat, is the Government prepared to take the lead once again in the face of this emergency and urge industrialized countries to at least try to help these people who are in truly desperate straits?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, the brief answer to Senator Asselin's question is: Yes, the Canadian government has, indeed, taken some concrete action in keeping with what the Prime Minister has said about this very serious problem. This action is not only confined to the area of Africa to which my honourable friend has referred. As a matter of fact, only a few days ago the Canadian government, through the Minister of Agriculture who is currently chairman of a large international food aid organization, made the largest commitment of food aid in Canadian history. This, I think, raised Canada's contribution to international food aid to the level where it is second only to that of the United States. That certainly is a major contribution when measured in terms of Canada's population. However, I realize, also in terms of population, that Canada has a far greater output of many agricultural products than perhaps any other nation in the world, so one of those assertions goes with the other.

On the other hand, I do not accept Senator Asselin's assumption that Canada has not taken concrete action following the promotion by the Prime Minister of a North-South dialogue. Indeed, we have taken very concrete action in terms of hard commitment of tonnage of food plus, in many cases, the dollars for the provision of transportation for that food. Ours is a record that Canadians can view with a great deal of pride. As a people, we are probably making the largest contribution to foreign aid of any nation in the world, at least on a per capita basis.

[*Translation*]

Senator Asselin: A supplementary question, honourable senators. Never did I express reservations about Canada's good faith in showing leadership with respect to Third World countries.

I would like to know whether the Leader of the Government might table in the Senate a list of the aid sent by Canada to those countries in distress.

He has told us that our shipments of wheat products have been increased considerably. That may be so. Considering the current plight in East and West Africa as well as in North and South Africa, the government ought to do a lot more to come to the rescue of whatever is left of those people who are facing such hardships.

I do not question the intentions of the Leader of the Government. I would like the minister to table the list of what the government has done more than other countries in the past year to help those people.

The Leader of the Government should also answer this question: Ever since the North-South dialogue was initiated and as Canada seems to want to show leadership, how much more in terms of Gross National Product percentage has been earmarked for Third World assistance?

I think that Canada cannot brag about a considerable increase in the gross national product percentage set aside for Third World assistance and international aid. It has no reason to brag about its performance in that field, particularly if we keep in mind the standards of the United Nations.

• (1430)

[*English*]

Senator Olson: Well, honourable senators, I am not sure how much we want to expand into a debate on Canada's participation in aid and relief programs on what started out as an answer concerning Canada's contribution to food supply in those countries in Africa where drought has become and is escalating as a massive problem. We understand that there is that problem, but I have to answer Senator Asselin by saying that Canada has done and is doing a great deal in that area—probably more than any other nation in the world on a per capita basis. Moreover, that effort has been significantly increased recently.

Senator Asselin: That is all very well, but that is not satisfactory to me. It is not enough.

Senator Olson: Well, we are increasing our aid.

Hon. Royce Frith (Deputy Leader of the Government): We are doing our best.

Senator Olson: We are increasing it. If that is not enough, it would probably never be enough so far as Senator Asselin is concerned, but I have to repeat to him that a great deal more is being done in 1984 and 1985, in keeping with the commitment made by the Minister of Agriculture only a few days ago. Our efforts are at a record-breaking level and there has been a significant increase in them. Furthermore, not only have we committed the tonnage of food; we have also committed the financial resources to transport that food.

Part of our commitment is to international bodies, such as the World Food Program and the FAO and that sort of organization, and some of it is in the form of bilateral aid.

The senator also asked for a list of these things, but I am not sure we have a list of those international and multinational organizations such as the World Food Program.

Senator Asselin: They are listed in CIDA.

Senator Olson: Yes, but the lists of CIDA's activities have already been tabled in this house, so I am not quite sure what he wants in addition to that.

FINANCE

EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government in the Senate arising from the further weakening of the Canadian dollar in recent days and the need for a considerable intervention on the part of the Bank of Canada to protect the Canadian dollar.

The Senate is aware that a number of unofficial explanations for this further weakening have been given. Indeed, some commentators have attributed this weakness to the rather incautious remarks of the Minister of Finance on the matter.

Has the government supplied the Leader of the Government in the Senate with an official explanation of the causes of this weakening of the Canadian dollar? I am sure we would all like to have the party line on this matter.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not think the Minister of Finance gave any recent explanation that was not in line with the government's position or, indeed, with the position of Canada, including the government and a whole lot of other organizations. However, it seems to me that, before we accept the picture Senator Murray tries to paint of the Canadian dollar, it might be well to have the facts in view as well as his opinions.

The facts are that over the past year and a half the Canadian dollar has been very stable against its U.S. counterpart, while outperforming almost all of the other major currencies. Those are the facts. In 1984 the Canadian dollar has traded in a very narrow band centred on approximately $.80 U.S., although some downward pressure emerged early in March. In Canada, the official operations of the foreign exchange market continue to be directed towards maintaining orderly trading transactions and not an attempt by the Bank of Canada, or the Minister of Finance, or others, to interfere with what the market determines. As a matter of fact, Senator Murray mentioned that there has been massive intervention recently. I should advise him that the official international reserves stood at $4.164 billion U.S. at the end of February, which is down only $40 million, or a very small percentage of that total, from the end of 1983.

Hon. Duff Roblin (Acting Leader of the Opposition): Honourable senators, I should like to raise a supplementary matter with my honourable friend in connection with the government's monetary policy. I agree with him that the Canadian dollar has been remarkably stable over a considerable number of months. That is why I think we are particularly interested in evaluating what is happening at the present time, because it appears that the Canadian dollar has now been dislodged, at least temporarily, from its usual place in the monetary scheme of things with respect to the American dollar. As well, it is under some pressure from European and Japanese currencies.

When this started to happen, the first thing the Minister of Finance did, if I am correctly informed, was to say, "This is a floating currency, so let it float."

Senator Murray: He said, "I'm not going to lose any sleep over it."

Senator Roblin: I do not know whether he corrected himself before he went to sleep, but afterwards, as I understand the matter, he changed his point of view and said that the government would support the Canadian dollar vigorously. That is the sense of what I got from his statement, and my honourable friend can correct me if I have it wrong.

In any case, we have seen the Bank of Canada in the last few days intervening quite massively in an effort to stabilize the Canadian dollar or to prevent its fluctuating too much, which, after all, has been done before. The point I want the minister to comment on is just how far the government's monetary policy goes. I can understand the Bank of Canada's intervention, because that is a normal process, but the strength

of his statement in the house the other day led me to wonder whether the policy of the government went so far as to increase the interest rate in Canada, which is generally regarded as one way of supporting the Canadian dollar. In fact, in recent times the Bank of Canada has equated its interest policy with the fate of the Canadian dollar, so that is a fact that we are aware of. Could my honourable friend indicate the government's policy as to how far they are prepared to go in supporting the Canadian dollar? Does it extend not only to the Bank of Canada's operations in the market but also to changes in the rate of interest?

Senator Olson: Honourable senators, the position of the government, as stated by the Bank of Canada from time to time over the past three or four years, is that they are prepared to let the market decide where the level of the Canadian dollar is to be vis-à-vis any currency and, particularly, the United States dollar. However, there are times when some speculation can be thwarted by the intervention of the Bank of Canada. When they do intervene, which has happened from time to time, they make it very clear that it is only to defend the significant movements that are beyond reason in relation to market demands. I think that continues to be the position of the Canadian government.

• (1440)

However, because my honourable friend brought it up, I should add that, if there is a change in interest rates in Canada vis-à-vis what is offered in the United States—and that has, indeed, happened in the last few days—and if we are to have the free movement of capital between our two countries, as we think is desirable, then we face that undesirable factor of having interest rates move up in this country as well.

We have expressed some concern about that because, quite obviously, that has an effect on the recovery that we hope will continue. If interest rates start to move up again, it will have a depressing effect on the economic recovery that has been going on in Canada and which we hope will continue.

Senator Roblin: I guess my honourable friend did not have the opportunity that I had to listen to the Governor of the Bank of Canada with respect to the policy that he was pursuing in terms of the Canadian dollar. He made it perfectly clear to committees of this Senate that it was not a floating currency, in the way my honourable friend has described it; he made it perfectly clear that his aim was to hold the Canadian dollar steady with the American dollar because he feared the impact on inflation if it went down. On that account he was—"manipulating" is not the right word—openly adjusting the Canadian interest rate to protect the Canadian dollar.

You are caught in a cleft stick: if the dollar does go down and it has a serious inflationary effect, that is no good; on the other hand, if, in order to hold the dollar and save the inflationary aspect, the price of money goes up, that is going to make our—and I hate to use the word "faltering" because I hope it is not faltering—questionable recovery all the more difficult if interest rates go up. Which of those two choices is the government to make?

[Senator Roblin.]

Senator Olson: I listened very carefully to what Senator Roblin said, and I have a great deal of difficulty in finding any difference between what he described the Governor of the Bank of Canada as saying before a committee—and I was not there at that time—and the explanation I gave a few minutes ago; they are exactly the same. I really cannot explain a difference when I do not see a difference.

Senator Roblin: I will not try to explain the difference to my honourable friend because that would take up more time than the Senate has patience for. However, I would suggest that if he reads his reply to me and the reference to the floating rate of the Canadian dollar, he will see the difference between us.

Senator Olson: I have just been advised that both of us should re-read the answers because some people believe the explanation I gave a few minutes ago as to the intervention, the extent of the intervention and the timing of the interventions by the Bank of Canada, was exactly the same as the explanation Senator Roblin gave a minute or so later.

EMPLOYMENT AND IMMIGRATION

YOUTH UNEMPLOYMENT

Hon. Jack Marshall: Honourable senators, in view of the drastically high unemployment among the youth of our country, would the Leader of the Government indicate to the chamber if his government is taking note of the idea of Mr. Jim Coutts who proposes a most excellent suggestion which is echoed by many, and that is that 200,000 students could be hired—

Hon. Martial Asselin: Is he running for the leadership?

Senator Marshall: —without entailing any extra funds because the moneys would come from the unemployment insurance benefits which are being paid to youths aged 15 to 24? Is the government considering this proposal?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot say that there has been or, indeed, that there will be a direct response to the proposal put forward by Mr. Coutts. I listened to him very carefully as he outlined his proposal at an important meeting in Edmonton two weeks ago. I think there is a great deal of merit in considering not only the objective, with which, certainly, no one disagrees, because, more than that, some of the details of the process he describes are worth serious consideration.

Senator Marshall: I agree with that in view of a letter I received from Mr. Coutts, which states:

Dear Jack:—

Some Hon. Senators: Oh, oh.

Hon. Royce Frith (Deputy Leader of the Government): A "Dear John" letter.

Senator Marshall: He says:

Just a note to keep you posted on events in Spadina.

I have enough concerns in Corner Brook, Newfoundland. Along with the letter, he sent me a number of newspaper clippings. His is a suggestion which I brought up in 1970.

Now that he is back with us, would the Leader of the Government impress upon his colleagues that this is a good idea and that it should be looked into very carefully?

Hon. Duff Roblin (Acting Leader of the Opposition): What is going on in Spadina? That is what I want to know.

Senator Marshall: I have not been to Spadina for about 25 years.

Senator Olson: I am sure Senator Marshall is better informed now than he was before he received that letter.

Hon. Joseph-Philippe Guay: He is on the priority list.

Senator Olson: Perhaps, if he looks at it with the same keen interest that I did some days ago, he will see that there is a sincere, serious and intelligent attempt to come to grips with what all of us agree is one of the most serious socio-economic problems in this country, that is, the very high levels of unemployment among young people. That is why it is important that we consider these things, but I hope Senator Marshall is not asking that I come back with a detailed response to all of the proposals contained in that idea, because that is not normally the way things are handled. Perhaps a number of the very important initiatives described in this proposal can be incorporated and used in several government programs.

Senator Marshall: I will pass that along to Mr. Coutts because he says:

As always, I would welcome your comments.

Senator Asselin: Is he your man?

Senator Marshall: If you are in touch with him, tell him that I am with a different party; I cannot contribute to his campaign, and I cannot help him in Spadina.

Senator Frith: Think it over.

Senator Olson: You can never really tell what you can do unless you try.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Robichaud P.C.*)

Hon. Louis-J. Robichaud: Honourable senators, last Thursday I moved the adjournment of the debate with the intention of making my contribution to it at the earliest possible convenience. Today is not the earliest possible convenience.

Hon. Martial Asselin: Shame.

Senator Robichaud: It so happens that a week from today, March 20, will be the earliest possible convenience. In the meantime, I will yield to anyone who wishes to make a miniscule contribution to this debate.

Senator Asselin: Disappointing.

Order stands.

THE BUDGET SPEECH

PROPOSALS BY MINISTER OF FINANCE—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) rose pursuant to notice of Thursday, February 16, 1984:

That he will call the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on 15th February, 1984.

He said: Honourable senators will remember that I called the attention of the Senate to the budget debate, and I want to start what I am sure will be a very positive contribution by the Senate to the proposals contained in the February 15 budget speech of the Minister of Finance.

I should like to underline, and particularly to put in context, an aspect of this budget debate that I think is important and is to be encouraged; that is, the aspect of consultation, which this budget shares with the previous budget. I hope this plan of extensive consultation prior to the presentation of a budget has become a permanent feature of budget-making in Canada. A number of major proposals have benefited considerably as a result of the expertise and knowledge brought to bear through consultation and comment. This budget, as I have said, continues that most desirable direction.

The Minister of Finance and the Honourable Roy MacLaren held consultations with more than 30 groups across Canada prior to the budget. Those groups represented all important facets of Canadian life: labour, women, social agencies, co-operatives, financial institutions, small and large business and many others. Municipal and provincial governments were also consulted. The information and advice received, as they know, made an important contribution. Honourable senators, I say "as they know" in reference to the representatives of those groups because, after the budget was presented, there were indications in the press and elsewhere of the encouragement given by these organizations to the process of consultation.

● (1450)

Building a new budget has been compared to designing and constructing a new road. It is not a monument; it is something to be used. A budget, like a road, is there to serve the needs of the people. A fundamental aspect of the design of a good budget is a clear sense of direction in terms of where we want to go with the economy and the economic welfare of Canadians. People await a budget in order to have some idea of the direction in which the government wishes the country to go.

The new budget is an extension and reinforcement of the sure, strong course of action that is leading this country from recovery to renewed economic expansion. This budget intends to continue that recovery. It can be seen as the third step in a consistent approach to building economic strength. The first

step came in the form of the six-and-five program, which was a major national attack on the inflation that was destroying Canada's economy. The second step, the budget of last April, contained a comprehensive program to spur recovery, create jobs and strengthen the productivity and competitiveness of the private sector. Now, with the third step and with an economy improving at a steady pace, the Minister of Finance has presented a budget for the transition from recovery to expansion, including the challenge of ensuring that more and more sectors, regions and individual Canadians share the benefits of recovery and expansion.

This is a budget that carefully matches fiscal responsibility with social responsibility—a budget that follows the strong, moderate course of first containing and then reducing the deficits that are a legacy of the recession while continuing to meet the human needs that are also a legacy of that recession. Above all, it is a budget that builds with consistency and realism on the momentum of the great progress we have made. It is a budget that says "no" to political zigzags in policy; "no" to those who still believe that there are quick fixes or easy shortcuts based on sudden changes of direction. It is a budget that says "yes" to an economic future secured firmly on a foundation of economic strength.

The $4.8 billion special recovery program contained in the April 1983 budget illustrates the continuity and consistency in the budgetary approach of the Minister of Finance. The program was designed and is being carried out as a four-year effort. The special recovery capital projects are making a major, continuing contribution to the recovery, to the expansion and to the long-term capacity of the economy to continue its growth. These projects will have their peak impact this year. The special recovery investment incentives for the private sector will also continue to play a key role in the revival of business investment on which Canadians depend so much.

Honourable senators, to show how far we have come, I will point out some of the improvements in the economy since last year's budget. Canada's economy has grown strongly during the first year of recovery—at one of the fastest rates among the industrial nations. Economic growth continues at a steady pace. Strong expansion for 1984 is forecast to be at about 5 per cent as compared with about 3 per cent last year. Almost 400,000 new jobs were created in Canada last year. Again, that is one of the fastest rates of employment growth in the industrial world. A similar number is forecast for this year, and a total number of more than 1.5 million new jobs is forecast for the period between 1984 and 1988.

Inflation has come down rapidly and, with continued vigilance by Canadians, is expected to remain in the current range of 5 per cent during 1984. No industrial nation has achieved a faster reduction of its inflation rate. Canada is on the move. We have come a long way and there is a lot more to be done. A stronger economy means more benefits for Canadians—for pensioners, young people, home owners and all of those Canadians who are the real beneficiaries of this budget.

Hon. H. A. Olson (Leader of the Government): Senator Marshall should be applauding.

[Senator Frith.]

Hon. William C. Doody: Any encouragement we can give you!

Hon. Duff Roblin (Acting Leader of the Opposition): Carry on!

Senator Frith: With that encouraging, thunderous applause—evidence not only of support but of close attention to every word, let us look first at youth.

Hon. Jack Marshall: Watch out for a standing ovation.

Senator Frith: The expansion of the Youth Opportunity Fund has, as a priority, the creation of jobs for youth. The adding of $150 million to the Youth Opportunity Fund will assist young people, including students, to acquire new skills and to find jobs in the private, voluntary and public sectors.

The budget simplifies taxes for small business. It proposes a major simplification of the income tax system for small business, which is an important step and the beginning of a trend that I hope will continue towards tax reform by way of simplification. The most important change proposed is the elimination of the cumulative deduction account. Honourable senators have read the budget and will recognize that the original purpose of the cumulative deduction account was to limit the low tax rate for small business to companies having less than $1 million of cumulative business income.

What will the new proposals do for small business? They will cut small business tax legislation by two-thirds; they will shorten and simplify the tax form—and to that I say, "Hear, hear"—they will reduce the costs of tax compliance and they will increase tax savings for growing small businesses. In the new system's first full year of operation, Canadian-controlled private corporations will find their federal taxes reduced by $150 million.

I come now to the tax assistance that will be provided to farmers. Farmers will now be able to invest up to $120,000 of taxable capital gains from the sale of a farm in an RRSP.

Senator Olson: Senator Bielish would like to applaud for a while.

Senator Frith: I am happy to have Senator Olson acting as a sort of conductor of the symphony, bringing the instruments in at the appropriate time. He is obviously following the score—"score" in the musical sense—because this is something that I thought would evoke some interest from Senator Bielish.

Hon. Martha P. Bielish: I don't need any coaching at all.

Senator Frith: These measures, honourable senators, will be introduced to facilitate the transfer of family farms from one generation to another.

Senator Bielish: That has been in place for a long time.

Senator Frith: What I have just referred to has not been in place for a long time. Farm losses are not in any way restricted to those farmers whose principal occupation is farming. Concern has been expressed that changing the loss rules to benefit persons who are part-time or so-called "hobby farmers" could have an adverse impact on farm prices and provide an inappropriate incentive for speculation in farm land. A consultative

working group will be established to assess the impact that such changes might have on the agricultural sector before any specific action is taken.

Another important aspect of this budget, and really quite an innovation, has to do not only with the process of consultation before the budget is introduced but also with the suggestion in the budget that measures not be implemented until their impacts have been considered by those who will be affected by them.

• (1500)

Another class of Canadians who benefit from the budget are homeowners. The benefit to homeowners arises from the proposal to increase security of home ownership, thus creating a fairer, more flexible mortgage market. There is the introduction of a mortgage rate protection plan.

Senator Roblin: Which they will pay for.

Senator Frith: The answer to that was placed on the Order Paper. I will be glad to discuss it, and I am sure it will be discussed during the debate on this inquiry.

There are new rules to ensure that borrowers have complete disclosure of all terms and conditions regarding their mortgages, and legislation to give borrowers the right to prepay their mortgages at any time and to establish a prepayment principle that is fair to both borrowers and lenders.

It is proposed that action be taken to create the conditions necessary for the private sector to develop a mortgage-backed securities market. That would assist the reintroduction of mortgages with terms longer than five years.

Pensioners, particularly women, will benefit from the changes announced in the budget. Let me list them: First, there will be improved pensions for Canadians by proposals for pension reform. To ensure that elderly Canadians receive pensions that are sufficient to allow them to live in comfort and dignity, the government will increase the Guaranteed Income Supplement—the GIS—by $50 a month over the next year: $25 per month effective July 1, and another $25 per month effective December 1.

Changes will also be made to ensure that persons receiving partial old age pensions, most of whom are immigrant Canadians, have GIS benefits sufficient to give them the same minimum income as other pensioners.

Changes will be introduced to improve minimum standards for private pension plans, to take effect no later than January 1, 1987. The amendments will provide for inflation protection for future pension earnings; acquired rights to the pension benefits arising from an employer's contribution; portability of acquired benefit rights; survivor benefits for spouses; splitting of pensions between spouses in the case of marriage breakdown; and increased pension coverage for full- and part-time workers. The Canada Pension Plan will also be amended to strengthen it and improve its benefits to women. The changes will provide for mandatory credit splitting on marriage breakdown, continuing survivor benefits on remarriage and pensionable earnings equal to the average industrial wage by January 1, 1987.

Contributors to pension plans will find tax assistance. There will be fair and equivalent access to tax assistance regardless of the type of retirement-saving vehicle used. There will be more generous tax deductions for contributions; the ability to carry forward unused deduction entitlements; an inflation protection for pension deduction and benefit entitlements, and portability of pension benefits.

Who else will benefit? The Canadian auto industry will benefit because of a number of proposed changes to the federal sales tax. Those changes will deal with specific inadequacies of the existing system—again, a clear benefit arising from consultation that took place with the auto industry.

In order to eliminate the unwarranted advantage that the present sales tax system gives foreign cars sold in Canada, the budget proposes to shift the manufacturer's sales tax on motor vehicles to the wholesale level effective March 1, 1984. At present, the tax on a Japanese or European car can be $100 to $200 lower than on a comparable car made in Canada. The proposal will ensure a uniform application of tax for all makes of vehicles.

Hon. Lowell Murray: By how much will the cost increase to the consumer of an imported automobile?

Senator Frith: I do not have that figure. Regarding the public sector, mandatory wage controls will not be extended, and, thus, there will be a resumption of collective bargaining. Moreover, no catch-up will be allowed. The government will bargain according to four principles: Settlements should contribute to reducing inflation and be fiscally responsible; compensation should be comparable to that in the private sector and be based on the total working conditions; compensation should not exceed that in the private sector; and settlements should encourage increased productivity and improved performance and should recognize relative job responsibilities.

Still in the public sector, Parliament will be asked to legislate wage settlements in specific cases, should that be necessary. Also the collective bargaining framework will be reviewed, in consultation with labour—again there is the theme of consultation—in order to modernize it.

Who else benefits? All Canadian taxpayers in general benefit from many of the budget provisions. First, the fairness of tax administration will be improved. The Minister of National Revenue has appointed an independent expert to examine Revenue Canada's operations and to suggest improvements in its services to the public. The budget also proposes a number of immediate measures to relieve the administrative burden on taxpayers and to improve the fairness of the tax system. Individuals and corporations with federal taxes of $1,000 or less will no longer have to pay quarterly tax instalments—something that we all know has become an irritant. In addition, interest will not be assessed on late tax instalments of less than $25. Approximately 350,000 senior citizens and over 50,000 small business and family farm corporations will be exempted from the burden of making instalment payments.

The period within which taxpayers may formally object to tax assessments will be doubled from 90 to 180 days. Interest

will be paid on overdue sales tax refunds. Tax paid on sales that become bad debts will be refunded. A full and proper system for assessment, objection and appeal will be introduced into the Excise Tax Act. Again we see the value of consultation, because, as in the auto industry, in pensions, and in all the fields I have referred to, it enables the government, in proposing and designing a budget, to understand the specific areas that need change and reform. That is done by consultation with those who actually live with the results of the budget in their particular area of activity. We can see how specific and carefully targeted the measures can be to remove irritants by means of consultation.

A full and proper system of assessment, objection and appeal will be introduced into the Excise Tax Act. The Tax Court of Canada will be allowed to order Revenue Canada to pay up to $1,000 of the cost of a taxpayer's successful appeal. Despite the fact that over the years a system of costs to the successful party has existed in our courts and in some of our administrative tribunals, a successful taxpayer, appealing his assessment, could not be awarded court costs. The jurisdiction simply did not exist. However, it now exists. Taxpayers will be given the right to provide security rather than pay taxes in dispute, and Revenue Canada will be required to refund any overpayment of income taxes to a Canadian resident resulting from a successful appeal to the Tax Court of Canada or the Federal Court, even if the minister decides to appeal that decision.

There are personal tax changes for all taxpayers. Moving expenses will be deductible to persons who are unemployed and move to a new location to take up employment or start a business. The Income Tax Act will be amended to provide a number of relieving changes to spouses making support payments after a marriage breakdown.

Regarding energy and resource taxes, the incremental oil revenue tax will be deferred for an additional year to June 1, 1985. Taxpayers will also benefit from the government's policy of continued wage and price restraint.

Let me say a word about continued wage and price restraint. I am sure that all honourable senators will rejoice in the knowledge that inflation is down from almost 12 per cent in June 1982 to 4.5 per cent at the end of December, 1983. All honourable senators may not agree in detail as to who should receive the credit—

Senator Murray: What about the 1.5 million unemployed?

Senator Frith: —for the drop in inflation, but we all agree that it is a desirable thing and something to be applauded. This budget indicates the government's commitment to wage and price restraint. The existing policy of limiting increases in the prices that the federal government sets and regulates will be continued for another year. The guideline will be reduced from 5 per cent to 4 per cent for this period.

● (1510)

Another partnership theme of the budget is competitiveness and productivity. Part of this theme is employee profit-participation plans which are made up of three elements. First, co-operation between workers and managers is fundamental to economic growth. The budget proposes tax assistance for new employee profit-participation plans. This is a salutary example of the government's using the budget to show direction and policy decisions in the private sector and the public sector. The plan will also provide a tax credit of 10 per cent of profits shared with 60 per cent of the tax credit going to the individual workers and 40 per cent to the employer. The third element is that tax assistance to employee stock option plans will be broadened to help companies provide employees with incentives to increase productivity.

In order to meet the government's aid commitments and to help Canadian firms take advantage of opportunities in developing countries, the government will establish an aid-trade fund. By 1990 as much as $1.3 billion could be allocated to the fund. It will provide financing for projects in developing countries in which Canadian firms are competitive and for which development assistance financing is required. Other budget provisions, which have already been outlined and which emphasize the government's commitment to a partnership for competitiveness and productivity, are the simplification of taxes for small business, the sales tax changes and the improvements in the fairness of tax administration.

Honourable senators, I will now say something about the economic outlook. The four dimensions to this topic are growth, employment, investment and inflation. On growth, Canada will have achieved 3 per cent real growth in 1983, rather than the 2.3 per cent predicted last April. Employment also grew more rapidly than expected in 1983, by about 400,000 jobs. Real growth is expected to be about 5 per cent in 1984. Over the medium term, it should average almost 4 per cent per year from 1985 to 1988. The government feels that continued, strong, employment growth, of about 3.5 per cent, will increase the total personal income of Canadians in 1984. Employment increases will continue to be strong through the 1980s. More than 1.5 million jobs will be created over the 1984 to 1988 period. At the same time the labour force will grow significantly. For this reason, while the decline in the employment rate in 1984 may not be dramatic, it should fall to about 7.5 per cent in 1988.

Investment is an important element of any economic outlook. Public investment, particularly by the federal government, will give the recovery a strong boost over the coming year. Stable interest rates and rising consumer demands should encourage business to replace and expand its stock of machinery and equipment. Plant construction should also begin to grow again later this year. Total business investment is projected to increase in 1984 and be a major source of economic growth over the medium term. The final element of the economic outlook is inflation. For 1984 as a whole, inflation is expected to average about 5 per cent, compared with 5.8 per cent in 1983. Further reductions are expected through the mid-1980s.

Let me outline briefly the government's fiscal plan. The deficit for fiscal year 1983-84 will be $31.5 billion. Government financial requirements will total about $27 billion. The

government remains committed to bringing the federal deficit down in a way that does not damage our economic prospects. The fiscal strategy set out in the April 1983 budget has proved itself to be the right course and will be pursued. The deficit is expected to fall by almost $2 billion to $29.6 billion in the coming fiscal year. The government's financial requirements will be $25.6 billion. In the medium term, the deficit will continue to fall, consistent with the strategy set up last April, from over 8 per cent of gross national product this year to about 4.7 per cent in 1987-88. Financial requirements will fall even faster. They will drop from 6.9 per cent of GNP this year to 3.4 per cent by 1987-88.

Honourable senators, in closing I quote the Minister of Finance:

> If Canadians are to meet the challenges of the future, we cannot be satisfied with past performance and past habits. These will not sustain us in a fiercely competitive international marketplace. We must become better than the competition—better at producing and marketing goods and services; better at working together for the shared economic interests of all Canadians.
>
> If we measure up to that challenge, then we shall create new opportunities for Canadians to find good, satisfying, permanent jobs. We shall create opportunities for more Canadians to buy a home, to start or expand a small business, and to invest with confidence in our future. In short, we shall create the oportunities for Canadians to build better, more fulfilling lives on a foundation of economic strength.
>
> That is the goal of the program of action I have presented today to lead Canada from recovery to expansion.

Hon. Ann Elizabeth Bell: Honourable senators, may I ask a question of the Deputy Leader of Her Majesty's Goverment in the Senate?

Senator Frith: Yes.

Senator Bell: I enjoyed the honourable senator's resumé tremendously and found it extremely helpful. I was particularly delighted to hear about the plan to simplify income tax forms. I feel that, if we can make more efficient use of the productive ability of Canadians in something other than filling out complicated tax forms, it will be a grand step forward. Would the Deputy Leader confirm the rumour that a very simple tax form is being developed? Apparently it is in three parts. The first is: How much money did you earn last year? The second is: How much money do you have left? And, the third is: Send it!

Senator Frith: Honourable senators, I assume Senator Bell's question is rhetorical. I hope the government will pay particular attention not simply to the form described by Senator Bell but to the whole thrust of the simplification of tax structure, tax reporting and, thereby, tax forms. I do hope that they will fall short of that final form which she has suggested; however, there is a great deal of good ground in between.

• (1520)

On motion of Senator Murray, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of Tuesday, March 6, 1984, moved:

> That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the *Canadian Charter of Rights and Freedoms;* and
>
> That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

He said: Honourable senators, as most of you are probably aware, I originally moved this motion on February 9, 1983. At that time I thought that with our new Charter of Rights and Freedoms the subject of human rights would be something that the Senate should take particular interest in. I thought that we should get in early and establish our particular interest in this subject through this motion. Subsequently, I was told that, since the original motion was to provide the Joint Committee on Regulations and other Statutory Instruments with the task of looking into this matter and alerting other committees, there would probably be a better chance of passage if that task were given to the Standing Senate Committee on Legal and Constitutional Affairs. All I was interested in was having some committee perform this function. I was heartily in favour of that suggestion, if it would expedite the matter.

I spoke to Senator Neiman and she was very enthusiastic. She said that she would move a motion to replace mine. She duly gave notice of motion on May 24, 1983, but nothing happened. I tried to withdraw my original motion, but I believe Senator Flynn had some technical objection to that. Both motions remained on the Order Paper and to date, nearly ten months later, Senator Neiman has not even moved her motion.

When Senator Neiman appeared before the Committee on Senate Reform on June 29—one month after having given notice of the motion she never moved—she had this to say:

> There are other special roles which I envisage the Senate as being able to play very well indeed. For instance, we have a motion before the Senate at the moment by the chairman of the Regulations and other Statutory Instruments Committee that that committee, which is a joint committee, be empowered to study the subject matter of bills introduced in the Senate or the House of Commons where such clauses could infringe on or give other powers, or where they might make regula-

tions or delegate the power to make regulations. That is, very briefly, the gist of it.

She went on to point out that she had proposed a similar motion, and ended up by stating:

> I think both those kinds of powers and activities could be performed very well by either Senate committees or joint committees.

When I moved my original motion I gave a speech which lasted an hour and a half. I gave it in two parts: I commenced on February 9 and spoke for about 45 minutes, as you may remember; and I concluded on February 10. I went into the entire question of human rights and why the Senate should take a particular interest in that subject and explained what had happened in Australia. Honourable senators will be relieved to hear that I do not plan on giving the same type of speech this afternoon.

However, I would like to refer to several of the remarks I made in that speech in order to remind honourable senators. I will be brief. On page 5346 I quoted Senator Missen, who is an Australian senator—

Hon. Martial Asselin: When was this speech made?

Senator Godfrey: On February 9, 1983. As reported at page 5346 of *Debates of the Senate*, I quoted Senator Missen, the sparkplug in the Australian Senate whose motion resulted in this type of resolution being adopted and the formation of a scrutiny committee. He said:

> The Senate Standing Committee on Constitutional and Legal Affairs, in recommending that both the delegation of powers and also other provisions in Bills which conflict with civil liberties and the rights of the citizen ought to be dealt with by a committee of the Parliament, had in mind that what is happening at the moment in, I think, all parliaments and particularly in ours, and that is that the debate in the Parliament is on the major issue of Bills. Questions of improper entry and search and some particular provision which is restrictive or changes an onus of proof are matters which are overlooked in the course of a debate in parliament.
>
> It is all right to say that one achieves the result and that members of Parliament ought to look at these things, but they do not do so.

I also referred to the fact that when Senator Missen proposed his motion in the Australian Senate the Australian government acted no differently from ours. Its reaction is noted on the same page, page 5346:

> The Government does not see the need to impose further restrictions on the legislative process. Adequate opportunities are given under existing procedures to ensure protection of personal rights and liberties. The proposal could only serve to frustrate legislative program without compensating benefits.

In spite of the adverse reaction from the Australian government, the Australian Senate went ahead and voted on the motion in a non-partisan way. The senators there broke party ranks and approved the motion. I must say that after the provisions of the motion had been operating for approximately a year the government came around and approved it, saying that it had worked very well indeed.

I would now like to refer to a part of my speech, as reported at page 5347. There I quote what Mr. Otto Lang had advised me in a letter. He said in part:

> As I observed government in action I came to conclude that in far too many cases simple neglect or too little attention would leave an individual deprived of rights where a legislature really did not intend and would not want to support that result.

Then, as reported at page 5359 I quoted the report of the Australian committee, as follows:

> The Committee wishes to make it clear that, by identifying clauses of Bills as raising questions under one or other of its principles, it does not necessarily have a concluded view that the principle in question is in fact infringed. The Committee regards its role as being to alert the Senate, rather than to perform a function similar to that undertaken by the Regulations and Ordinances Committee, of recommending to the Senate that action be taken.

The important word in that passage is "alert"—and I cannot emphasize its use too strongly. However, that message does not seem to have gotten through yet, judging by the reactions expressed in letters I have received, which I will refer to later.

At page 5360 I quoted from a letter I had written to Senator Frith, as follows:

> Taking my clue from the stated intentions of the Australian Committee, I have drafted the Motion so that the Joint Committee will not pass judgment upon whether or not there is an infringement, merely it alerts the Senate, and hopefully the Senate and the House of Commons Committee considering the bills, as to a possible infringement by drawing their attention to clauses which may infringe. You will recall that the various reports of the Australian Committee start off with the words "The Committee draws the attention of the Senate to clauses of the following Bills which contain provisions which the Committee considers may fall within the principles expressed in paragraph 1(a)(i) to (iii) of the Resolution of the Senate of 19 November 1981."

I would also like to refer to the fact that the Commonwealth Parliamentary Association struck a committee to look into the functions of second chambers. I went into this in some detail in the long speech I gave, and I will not repeat myself. However, I would like to refer to one part of the association's report, which states:

> —there was agreement that in two areas, the early scrutiny of draft Bills, and in the protection of human rights, there is scope for beneficial reform in most countries. Committees of the Upper Chamber are seen as the appropriate instruments for increasing the democratic protection of peoples' liberties.

That is really what this motion is all about and what I have been talking about for nearly ten years in the Senate—so far without any noticeable effect.

• (1530)

On page 5363 of the *Debates of the Senate*, I referred to the report of the Canadian Bar Association, which had this to say:

> The enemies of parliamentary reform are the party leaders—all of them;—

I would go a little further than that, because I think the bureaucrats who are advising and sometimes taking these duties upon themselves are also the enemies of parliamentary reform—and particularly in this case. Senator Perrault, when he was the Leader of the Government in the Senate, told me that the Honourable Jean Chrétien, as Minister of Justice, thought that there was not any necessity for us to take on this job since their officials who looked at the bills would do it. I went with Senator Perrault to see Mr. Chrétien, who expressed surprise and said that he had not heard of the matter. I then spent over an hour with a senior bureaucrat in his department, who had raised the original objection to my motion, and carefully explained that we were not trying to make any decisions; that we were only there to alert the committees dealing with bills so that these matters would not be overlooked.

I also had several discussions with Mr. MacGuigan.

Senator Asselin: And what was his answer?

Senator Godfrey: I have a letter from him which I intend to refer to. I must say that Mr. MacGuigan, at one point in a conversation that I had with him, pointed out that the Department of Justice were intending to take on this job—and of course they should. However, I asked him whether the legislative branch should not also take a look, suggesting that we should not rely solely on the legal experts in his department, and at that time I thought I had his agreement on that matter. Imagine my surprise when I received a letter dated June 21, 1983 from Mr. MacGuigan in which he said:

> In connection with the motion as now modified, your recent letter reiterates the significance of developments in Australia concerning the work of their Senate's Standing Committee on Scrutiny of Bills, and suggests that a similar initiative, along the lines of your and Senator Neiman's motions, should be undertaken by the Parliament of Canada. However, I might mention that the Australian and Canadian federal governments and their Parliaments do not operate along identical lines concerning the consideration of basic rights as affected by federal legislation.

That, of course, is the whole point that I am trying to make. Because of government opposition, this house has not yet accepted the principle, whereas they did in Australia so that the two Senates do not operate along identical lines.

Then on the second page of Mr. MacGuigan's letter, he says:

> In respect of scrutiny of bills by Parliament, the Special Committee on Statutory Instruments, which I chaired in 1968-69, concluded that the scrutiny of bills should be done entirely by substantive committees and not by one specialist committee such as a Regulations Committee.

My comment on that is that I could not agree with him more, except for the use of the word "entirely". In fact, it should be done by the substantive committee, and that is the proposal that we have been making all along. Again, the regulations committee only alerts the substantive committee in order that these matters will not be overlooked by that committee.

Mr. MacGuigan then continues:

> To elaborate on that point in the context of the recent motions by you and Senator Neiman, members of any given subject matter committee knowledgeable about the constitutional implications of policy proposals in bills falling under their committee's scrutiny, could continue to do a more effective job in scrutinizing those bills with an eye to raising questions touching on basic rights than could a single technically specialized committee such as the Constitutional and Legal Affairs Committee.

Again, I entirely agree with what he says. That is why I say that we should only alert these committees so that they can then do a more effective job. However, they cannot do that, if a possible breach of the Charter of Rights and Freedoms is not drawn to their attention.

Senator Asselin: That, then, would be a subcommittee of the whole committee?

Senator Godfrey: No. If, for example, the Legal and Constitutional Affairs Committee was considering a bill, we would draw such matters to their attention. In one instance concerning the Banking, Trade and Commerce Committee, we drew their attention to a problem concerning an enabling clause in four tax treaty bills which they had completely overlooked because it had not been drawn to their attention. Our committee has two lawyers on its staff who can spend the time and effort going through the bills with a fine-tooth comb to see whether or not there are any infringements upon the Charter of Rights and Freedoms; but no senator or member of the House of Commons has time to do that. It is necessary to have staff to perform that function, and our committee has such a staff.

I told Mr. MacGuigan at the time of our discussion that I had requested Senator Neiman to make this motion, and his reply was that perhaps it would be a good idea if Senator Neiman could use the staff of the Regulations and other Statutory Instruments Committee to work for the Legal and Constitutional Affairs Committee in this area. I readily agreed, and said that we would make the staff available. This was approved by our committee because it was obvious that technical staff was necessary to do this work no matter what committee did it.

Hon. Royce Frith (Deputy Leader of the Government): Who made that suggestion?

Senator Godfrey: Mr. MacGuigan made the suggestion originally to me. I then spoke to Senator Neiman and to the members of the Regulations Committee. I alerted the two lawyers on our staff provided by the Library of Parliament, and everything was agreed upon. The Legal and Constitutional Affairs Committee would then do the work and Senator Neiman, as chairman, would have the aid of these two lawyers who have considerable experience in this area.

The Honourable Mr. MacGuigan, in his letter, then goes on:

> Moreover, even if such a function were assigned to the latter committee, members of the subject matter committee generally scrutinizing the bill would probably continue to raise similar questions; this would result in unnecessary and redundant scrutinizing of bills by parliamentary committees.

Again, he seems to have overlooked what had been, I thought, the consensus reached in our discussion. However, appended to this letter in a hand-written note, he says:

> John: This letter was prepared for me by the Department. Feel free to discuss the matter further with me, if you wish.

This letter of his, therefore, was the result of some bureaucratic decision, and Mr. MacGuigan signed it. As I pointed out, it seems completely to miss the point that our committee was only to alert the subject-matter committee.

While I can understand that the government leadership in the Senate is under a certain obligation to see that government bills are supported, how we run our affairs in the Senate and how we make what are really minor reforms is our business. I think that is for us to decide and not for the government to decide. It is certainly not for some bureaucrat, who writes a letter for the Minister of Justice, to decide. It is our business to make those decisions, and that is why I am appealing to the Senate on this matter.

There is one other point I would like to make. Now that we have resurrected this motion, I hope we can make our decision quickly one way or the other, and that whoever wishes to speak on it will do so, so that it will not simply be postponed indefinitely.

On motion of Senator Frith, debate adjourned.

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of March 6, 1984, moved:

> That the Standing Joint Comittee on Regulations and other Statutory Instruments be authorized to examine the subject matter of clauses of bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, bestow powers to make regulations upon a person or a rule-making authority which is couched in unnecessarily wide terms and contains the powers set forth in Paragraph 2 of Part 9 of the cabinet directive on the preparation of legislation approved on 16th April, 1981, the said Part 9 reading in part as follows:
>
> "9. REGULATIONS
>
> In the preparation of proposals for legislation, departments and agencies should observe the following principles respecting regulation-making powers:
>
> (1) When bestowing the power to make regulations upon a person or a rule-making authority, care must be taken to ensure that the statute is not couched in unnecessarily wide terms.
>
> (2) Specifically, certain powers are not to be granted unless the Memorandum to the Cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically requests authority for the power and contains reasons justifying the power that is sought. These powers include the following:
>
> (a) power to make regulations that might substantially affect personal rights and liberties;
>
> (b) power to make regulations involving important matters of policy or principle;
>
> (c) power to amend or add to the enabling Act or other Acts by way of regulation;
>
> (d) power to make regulations excluding the ordinary jurisdiction of the Courts;
>
> (e) power to make specific regulations having a retrospective effect;
>
> (f) power to subdelegate regulation-making authority;
>
> (g) power by regulation to impose a charge on the public revenue or on the public other than fees for services;
>
> (h) power to fix by regulation, rather than by the statute itself, the penalties for breach of a regulation."; and
>
> That a message be sent to the House of Commons to acquaint that house thereof and to invite them to join with this house in the aforementioned action.

He said: Honourable senators, I originally gave notice of this motion on April 20, 1983, and spoke on the matter on April 21, 1983. During the course of my speech, I pointed out that the purpose of this motion is to have the Regulations Committee look at enabling clauses of bills to see whether or not they conform to a cabinet directive and particularly whether they give the power to make regulations that affect human rights. In effect, that directive said that you should not pass an enabling clause from any regulation in too wide terms and that, specifically, there are certain things you should not do, unless a memorandum to the cabinet gives reasons why there should be an exception. The point was that you should give reasons.

• (1540)

The directive, which was originally dated in 1981, was almost identical to a letter from Mr. Turner in 1971. That letter had been approved by cabinet.

When I spoke on this subject on April 21, I said:

> What we are really proposing is that the committee look into those enabling clauses and merely alert the appropriate committee considering the bill.

Again, I emphasize that we were only alerting the committee so that they could consider the matter. I said:

> If the committee itself does not get around to that in time, there will not be any hold-up of the bill.

In other words, it would not cause any delay, because, if they did not alert the committee, the committee considering the bill would just go ahead.

Further on in the speech, I said:

> As you will notice, the directive says that certain powers are not to be granted unless the memorandum to the cabinet requesting the authority for preparation of the legislation by which such a power would be conferred specifically request authority for the power and contains reasons justifying the power that is sought. It is my submission that any committee of Parliament, either of the Senate or of the House of Commons, is entitled to the same explanation.

Senator Frith spoke on April 26, and I would like to refer to his speech. He said:

> In effect, what the proposer is saying is that cabinet, by reason of a memo and a decision, has directed that all legislation meet certain tests with reference to enabling clauses.

That is not what I said. It is not what the directive said. All it said was that, if it does not meet these tests, then there must be an explanation and reasons given—and there can be very valid reasons why it should not meet the test, but you have to give the reasons which the cabinet will look at.

Then he went on to say:

> Therefore, Senator Godfrey's reasoning goes that a joint committee of Parliament should do the job of making sure that the cabinet does what it has told itself it ought to do.

All I can say is: No, no, no, that is not what I said at all. What I said was that, if they do certain things and the cabinet are given reasons—and they can be very valid ones—then the legislators are entitled to be given the same reasons so that the parliamentary committee can consider them. They may be perfectly valid. I am not saying anything more than that.

Then Senator Frith went on to say:

> I believe that what it is now asking the Senate to give it the power to do is something that all members of Parliament and all honourable senators will want to do, and I see no reason why this particular committee should be given that responsibility.

Well, I say it again: No, we are not asking for that responsibility. We are only saying we are going to alert the other committees. They take the responsibility. We are not asking for any power, except to make sure that these matters are not overlooked and that the reasons given to cabinet for making exceptions are given to the Senate or House of Commons committees.

Then he went on to say:

> Also, if I am correctly informed, the Minister of Justice has publicly taken the position that he supports a reform of the type proposed in this particular motion. But he prefers that a whole scheme be brought forward relating to reform of legislation—both the primary enabling clauses and subordinate legislation and the relationship between them—which may or may not include this particular motion but will certainly include some of the questions raised by it. So it is not a question of whether something should be done but of who should do it and how.

Now, that is nearly ten months ago. So far as I am concerned, they have had all the time in the world. Are we going to sit around here in the Senate for years and never do anything, just because the government is "considering"? Isn't it up to us?

I draw the attention of the members to the fact that when a House of Commons committee was considering the reform of the procedures and rules of the Commons, not one cabinet minister was on the committee and the committee never asked even a single cabinet minister to testify before it. That committee knew who the enemy of reform was, as did the Canadian Bar Association. It did that deliberately, making the decision on its own. Of course, in the end, if it had not been for the co-operation of the government, the reform proposed probably would not have been accepted, but it was completely without advice from cabinet ministers—and I suggest that the Senate should operate in the same way.

Senator Frith also made the following statement:

> The merit of this motion is that it raises a very fundamental question, among others, of, for example, whether draft regulations should be presented simultaneously with draft bills before Parliament.

With all due respect to Senator Frith, this motion raises no such question. It is kept within narrow limits. That question is entirely another matter, which is legitimate to discuss, but not in the context of this resolution.

Senator Roblin also spoke on this motion. This is part of what he had to say:

> After hearing the words of the House Leader with respect to this motion, I realize that it is unlikely that it will be approved by this House.

Well, I don't think you should give in quite so easily, Senator Roblin. I don't think, either, that the Conservative members should give in so easily.

Hon. Martial Asselin: You have to convince your own colleagues first.

Senator Godfrey: Yes, I am doing that, but I want to get Senator Roblin on my side, too. I was hoping I would have more success with him and his leader.

Senator Roblin gave a very interesting speech about the disallowance of regulations in Australia, but it had nothing to do with my resolution.

All I am saying to my fellow members in the Senate is this: Let's take matters into our own hands and decide how we want to improve our procedures; then do it and not pay any attention to what some senior bureaucrat in the government might think.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Acting Leader of the Opposition): Bravo.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this has been a day for thunderous applause. Although I don't expect my motion to attract the same applause, I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

NATIONAL FINANCE

STANDING SENATE COMMITTEE AUTHORIZED TO COMPLETE EXAMINATION COMMENCED IN PRECEDING SESSION

Hon. C. William Doody, pursuant to notice of Thursday, March 8, 1984, moved:

> That the Standing Senate Committee on National Finance be authorized to complete its examination of the role of the Federal Government in generating economic development through technological change, begun under its examination of the Main Estimates 1982-83, tabled in the Senate on 23rd February, 1982;
>
> That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and
>
> That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

He said: Honourable senators, in effect, the purpose of this motion is to allow us to complete a series of hearings we began last year which comprise a relatively short study. That study is almost finished. We have but one or two hearings left to complete the study, and I am now, through this more or less housekeeping motion, simply asking the permission of the Senate to do that.

My understanding has always been that the Senate finance committee has operated under the umbrella of the estimates, taking its authority to do what it wished to do from that particular reference. However, I think it is preferable that, when a special study is undertaken, the permission of the Senate be requested, and that is the basis for this motion, which I move, seconded by Senator Marshall.

Hon. Royce Frith (Deputy Leader of the Government): I think we should support this motion.

Hon. Duff Roblin (Acting Leader of the Opposition): That is the best speech I have heard in some time.

Motion agreed to.

The Senate adjourned until Thursday, March 15, 1984, at 2 p.m.

THE SENATE

Thursday, March 15, 1984

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

Prayers.

PRIVATE BILL

UNITED GRAIN GROWERS LIMITED—BILL TO AMEND ACT OF INCORPORATION—FIRST READING

Hon. Gildas L. Molgat presented Bill S-10, to amend the act of incorporation of United Grain Growers Limited.

Bill read first time.

Senator Molgat moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH TO ELEVENTH REPORTS OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's seventh to eleventh reports approving budgets of the following committees:

Regulations and other Statutory Instruments;

National Finance;

Transportation and Communications;

Energy and Natural Resources; and

Agriculture, Fisheries and Forestry.

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO EXAMINE VETERANS AFFAIRS EXPENDITURES IN ESTIMATES

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, March 22, 1984, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the expenditures pertaining to veterans affairs set out in the Estimates laid before Parliament for the fiscal year ending March 31, 1985.

BORROWING AUTHORITY

NOTICE OF MOTION TO AUTHORIZE NATIONAL FINANCE COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-21

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the Standing Senate Committee on National Finance be authorized to examine the subject matter of Bill C-21, intituled: "An Act to provide borrowing authority", in advance of the said bill coming before the Senate, or any matter relating thereto; and
>
> That the committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

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

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, we would like to hear the deputy leader tell us why we should grant leave.

Senator Frith: Honourable senators, in a discussion with the chairman of the committee, and, in fact, in a note he sent to members of his committee, he pointed out that this was likely to be something that the committee would want to study as a part of its work. In the past we have referred the borrowing authority bill to the Standing Senate Committee on National Finance for subject-matter study.

That brings me to why I think leave should be granted today. I checked and found out that there is likely to be a vote taken on the bill later next week in the House of Commons. If leave were granted today, that would at least give us a head start of a day or two, giving the committee a chance to plan, over the weekend, some hearings and to arrange for the appearance of the minister and other witnesses next week. That is why leave should be granted.

Senator Roblin: Is it intended that the committee meet before we sit on Tuesday of next week?

Senator Frith: I will refer that question to the chairman of the committee.

Hon. Jacques Flynn (Leader of the Opposition): When does the government need the bill? Why have a pre-study?

Senator Frith: Need, of course, is a big subject.

Senator Flynn: I said "when"?

Senator Frith: I expect that the government will need the bill by the end of March. Normally it asks for the passage of the borrowing authority bill prior to the end of the fiscal year.

For that reason, I understand that there is an arrangement in the other place for a vote to take place next week. That is why I have asked for authority for our committee to study the bill as early as possible next week.

Senator Roblin: If the committee is not going to meet before the Senate sits next Tuesday, and while I do not oppose the substance of the motion, I do not see any reason to give leave. We can deal with the matter next Tuesday.

Senator Frith: Honourable senators, I will not urge the matter beyond the point of meeting the convenience of the committee. With the idea of a pre-study next week, my intention was to help the committee get a head start in its planning. If the chairman of the committee tells me that that particular boost is not necessary, then I am happy to leave the matter for consideration, as a motion, until Tuesday.

Hon. C. William Doody: Honourable senators, I can only say that this committee is completely at the disposal of the Senate. There is no immediate urgency with respect to this particular bill. We will meet whenever it is presented to us. I see no need to have leave granted today. We can deal with it on Tuesday, Wednesday, or whenever, at the pleasure of the Senate.

Senator Frith: Honourable senators, I mention, as well, that because it is apparent that it will be treated as a motion, it will be dealt with at the end of the day on Tuesday. Therefore, if the committee does want to make any such plans and if it seems that the motion will be passed then, we could always ask for leave to bring motions forward.

Senator Roblin: I point out to my honourable friend that the committee could not meet while the Senate is sitting unless some special arrangement were made.

Senator Frith: If leave is not granted, then there is nothing we can do about that anyway.

Senator Flynn: Let us say that we are going to give priority to this motion next Tuesday, which is the day to which I understand the deputy leader proposes to adjourn the Senate.

Senator Frith: That is correct.

Senator Flynn: Leave is not granted.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, March 20, 1984, at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

FINANCE

INCREASE IN BANK RATE

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government in the Senate. It arises from the announcement a few moments ago that the bank rate has been increased to 10.56 per cent from 10.20 per cent. I note that this is the highest rate since that of December 1982, at which time the prime rate of the chartered banks was 13 per cent. My question is: In the view of the government, is the condition of the Canadian economy such as to benefit from an increase in the central bank rate, with the probable consequent increase in the chartered bank rate, mortgage interest rates, and consumer loan interest rates?

• (1410)

Hon. H. A. Olson (Leader of the Government): Honourable senators, it would be somewhat easier for the government of any country, including Canada, if the relationship were as simple as that. Obviously the improvement in the economy can move along better if interest rates stay down, because obviously all of the other ramifications would be easier to handle. Unfortunately, there are factors on the other side of the coin, one of them being that so long as we have a free movement of capital in and out of Canada, there will be a reaction to interest rate movements on this side of the border and in other countries, particularly in the United States. It is not an opinion but a fact that interest rates have recently been strengthened in the United States, somewhat more than in Canada, which has caused some divergence of capital flows that has weakened the Canadian dollar by a certain percentage. It is also a fact that—it is difficult for me to have to listen to two conversations going on at the same time.

An Hon. Senator: In both languages, and on a different subject.

Hon. Martial Asselin: It is because you have nothing to say.

Senator Olson: I have many things to say. We can go through the song and dance that we went through approximately a year and a half ago in attempting to blame the government, or the Minister of Finance, or someone, each time there is a movement one way or the other. Every time the value of the dollar moves one way or the other, it has a beneficial effect on some people and a detrimental effect on others. The point on which I wish to conclude is that there is an inflationary cost, and a cost of living, and so on, that is also related to the value of the dollar. Therefore, a balance has to be struck as to how much intervention there should be from time to time, while at the same time adhering to the policy that has been clearly stated. The Governor of the Bank of Canada, according to Senator Roblin, and also the Minister of Finance, had a good explanation of the role that will be attempted to be played with regard to intervention.

Senator Murray: When the Leader of the Government speaks of the free movement of capital he is, of course, talking about the recent weakening of the Canadian dollar. Is the government faced with two choices: first, allowing the Canadian dollar to fall further, with its consequent effect on the cost of imports and therefore on the rate of inflation, or, second, increasing interest rates, with the consequent effect of stifling investment and economic growth, and has the government opted for the second choice, namely, that of increasing interest rates and stifling further economic growth and investment?

Senator Olson: No. That is neither a reasonable nor a fair way of putting the question—although I understand completely my honourable friend's reason for doing so. He can be assured that the Government of Canada and the Bank of Canada will set and continue to follow a balance that is in the interests of the country with respect to both sides of that question.

Hon. C. William Doody : Very comforting.

Hon. Jacques Flynn (Leader of the Opposition): Does the Leader of the Government still advocate, as he did some 20 years ago, offering interest-free loans to municipalities?

An Hon. Senator: Socred.

Senator Olson: I made many intelligent comments with respect to that subject, but I think it is somewhat unreasonable for the Leader of the Opposition to expect me to dredge up all those good ideas of 20 years ago and determine what I need to do now to make good on them.

Hon. Royce Frith (Deputy Leader of the Government): Perhaps it is in a file they have on you.

[*Translation*]

THE SENATE

VISIT TO PARLIAMENT OF SPEED-SKATING CHAMPION GAÉTAN BOUCHER

Hon. Martial Asselin: Honourable senators, I would have liked to direct my question to the Liberal Whip, but in his absence, I shall direct it either to the Leader or to the Acting Leader of the Government.

Yesterday, in Ottawa, we greeted a great Canadian athlete by the name of Gaétan Boucher, who was officially welcomed in the cities of Hull and Ottawa; he was invited to lunch with the Prime Minister and was applauded in the House of Commons.

I would like to know why he was not invited to the Upper Chamber, the Senate, for the Minister should know that there still are senators who are interested in amateur sports and they would have liked to salute Gaétan Boucher and congratulate him on his performance at the Olympic games.

Are our relations with the other place so bad that we could not make the necessary arrangements for this athlete to come to the Senate, and that everything was left with the House of Commons? Why was he not invited to the Senate?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I know that all Canadians in every part of the country, including all senators—

Senator Asselin: Answer my question.

Senator Olson: —are extremely proud of the accomplishments of Gaétan Boucher.

Senator Asselin: That has been said.

Senator Olson: Yes, it has been said over and over again so that even Senator Asselin understands it.

Senator Asselin: Answer my question.

Senator Olson: I do not know specifically why Gaétan Boucher was unable to be present in the Senate chamber for a few minutes. I do know that the Minister of State for Fitness and Amateur Sport was involved in some of the arrangements for Mr. Boucher's visit to Ottawa and that his entire day was taken up. I talked to the minister this morning about it—

Senator Asselin: To whom?

Senator Olson: To the Honourable Jacques Olivier.

Senator Asselin: The new minister?

Senator Olson: Yes. He was involved in many of the activities for Mr. Boucher and they went on all morning, all afternoon and all evening until very late. Mr. Boucher was exhausted by the time it was all over.

Hon. Arthur Tremblay: You mean the minister was.

[*Translation*]

Senator Asselin: I understand that it is not easy for the Leader of the Government to tell us that he has failed in his duty as Leader of the Government in the Senate to arrange for a visit by Gaétan Boucher to the Upper House.

It still remains that, once again, the Leader of the Government has missed an excellent opportunity to draw the Canadian Senate into the limelight.

Hon. Jacques Flynn (Leader of the Opposition): I have a supplementary. Since Mr. Gaétan Boucher, after attending the Question Period at the House of Commons, said that he had just seen some excellent figure skating, would it not have been a good thing for him to see that there are even better skaters in the Senate, especially the Leader of the Government?

[*English*]

Senator Olson: All I can do is assume that Senator Asselin and I should thank the Honourable Leader of the Opposition for the compliment.

Senator Asselin: Is that complimentary to you?

Senator Olson: And to you.

Senator Asselin: So you take it as a compliment?

VETERANS AFFAIRS

GUARANTEED INCOME SUPPLEMENT—EFFECT OF INCREASE ON WAR VETERANS ALLOWANCE

Hon. Jack Marshall: Honourable senators, I have a question of privilege with regard to a delayed answer. On February 21—

Hon. Eric Cook: Of which year?

Senator Marshall: —of this year I asked the acting leader a question about the recent increase in the GIS of $50 and its application to veterans. That was three weeks ago, but I have not yet received an answer.

I should like to read the question in order to support my case, because a similar question was asked in the House of Commons yesterday and at that time the Minister of Veterans Affairs gave the answer I was seeking. In fact, the answer was very obvious.

• (1420)

My question was:

> Honourable senators, my question has to do with the recent increase of $50 in the GIS. What effect will it have on veterans receiving the War Veterans Allowance after they reach the age of 65? For those who qualify, will this increase in the GIS be deducted from the War Veterans Allowance or will they get the full advantage of it?

I asked that question because there was an amendment to the War Veterans Allowance Act which would have made the increase in the GIS applicable to war veterans by raising the ceiling of the maximum allowed to veterans. The Acting Leader of the Government responded:

> Honourable senators, the Department of Veterans Affairs comes under the administration of Senator Austin so, on his behalf, I will undertake to try to get an answer.

Yesterday, in the House of Commons the Honourable Allan B. McKinnon asked the following question:

> Will the Minister assure the House that the budget announcement of an increase of $50 per month for single GIS recipients will be reflected in a $50 per month increase for war veterans allowance recipients?

That question is phrased differently, but it is the same question. The Minister of Veterans Affairs responded to that question. As I say, it is three weeks since I asked my question. This type of situation has occurred a number of times in the Senate and it is not good enough. The question was simple; the answer was obvious, but I wanted it confirmed on paper so that when I am asked that question I can quote what the minister said.

I find it very hard to understand why I could not have had that answer sooner. If I understand the process correctly, the question goes to a clerk or an assistant in the leader's office; he contacts the department responsible and the answer is supposed to be forthcoming.

In this particular case two ministers were looking into the matter. I can understand why that question was directed to Senator Austin, because it comes under his responsibility as Minister of State for Social Development.

Obviously, there is something wrong with our system. We have just been discussing Senate reform, and this is the type of reform that should be dealt with. We are trying to represent our regions by bringing up these questions, but somebody is not doing his job. If it is the fault of the Minister of Veterans Affairs, we should have the guts to ask him what the hell he thinks he is doing. What is our status in this chamber? The way this matter has been treated shows a lack of courtesy and, frankly, I think it is ridiculous. I deserve an answer and the minister should be made to account for it, and I will do it one way or another.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the procedure followed for obtaining answers to questions asked here is exactly as described by Senator Marshall. The Minister of Veterans Affairs is in the House of Commons and when a question is asked of him there, of course, I do not think it would be courteous of us to tell him that he should not answer the question there until he deals with the answer here. All we can do is take the question as notice, send it to the department responsible and ask the department and the minister to give us the answer.

When you say that is not good enough, I do not know what would be good enough. The Leader of the Government, his colleagues in cabinet and I are not pleased that it takes time to get these answers. The fact is that most ministers of the Crown are in the House of Commons and we have to go through these channels in order to get the answers from these ministers who are directly responsible to the House of Commons and, of course, responsible to us in the way that I described.

Naturally, we will again draw to the attention of the Minister of Veterans Affairs the comments made by Senator Marshall, but if there is a suggestion, if there is a better system we can put into effect to get the information requested, we are open to such suggestions. There is no point in my saying that we can do anything more than that. All we can do is point out to the ministers that the information is not coming to us quickly enough for the satisfaction of honourable senators.

Senator Marshall: Whoever received the message in the Department of Veterans Affairs knew the answer. The minister knew the answer. I can imagine someone saying, "Oh, it's only the Senate; let's not worry about them for a while, until we have nothing better to do." Everyone in the department knew the answer. I am not so concerned with the fact that we did not get the answer; to me, it is a matter of principle. The whole process is one of apathy and complacency. We must keep after them and say, "Look, we want the bloody answers."

Senator Frith: That is what I just said, in different terms.

Senator Marshall: I brought this up last year and the year before, and nothing has ever happened.

Senator Frith: Honourable senators, we do it, and I believe there has been an improvement in terms of time. Even Senator Cook thought that Senator Marshall must be talking about a year ago instead of only three weeks ago. Some honourable

senators may think there has not been an improvement, so perhaps we could do a little study to see if there has been an improvement in the time taken to provide answers.

Nevertheless, it is a fact of life and part of the system that ministers in the House of Commons—and it is not confined to ministers of this government—feel themselves more pressed by questions from the House of Commons than they do by those from the Senate.

Hon. Jacques Flynn (Leader of the Opposition): Even the same question.

Senator Frith: Perhaps exactly what Senator Marshall has described did happen.

Every time a question is asked, both Senator Olson and I ask our executive assistants to seek the answer. I am confident that any lack of efficiency and speed in getting the answers cannot be laid at the door of anyone responding here in the Senate. We will keep up the pressure; you keep up the pressure: I am on your side; that is what we all have to do.

Senator Marshall: I was almost sure of the answer when I checked it out by talking to the regional director of Veterans Affairs in Newfoundland the day after the budget came out. As I said before, I cannot give out any information on his say-so, or on how I interpret the act; I want the minister to give us the answer. He gave a very simple answer last night. As far as I am concerned, it is a matter of complacency.

Do any of the ministers in this chamber ever bring this matter up in cabinet? We are just as important as members of the House of Commons and have some status in Parliament.

Hon. H. A. Olson (Leader of the Government): Yes, we do.

Senator Marshall: Surely, as a matter of protocol, we deserve some priority.

I hope the leader and deputy leader will emphasize the fact that it is discouraging to ask questions. I just say, "What the hell good is it asking questions?" That is why I do not ask as many questions now.

Senator Frith: We might do a study of that too.

CANADA POST CORPORATION

MAIL DELIVERY

Hon. Philippe Deane Gigantès: Honourable senators, I should like to ask the Leader of the Government if he would ask the minister responsible: What is going on in the Post Office?

Some Hon. Senators: Hear, hear.

Senator Gigantès: On March 8, 1984, I sent a note to Mr. Charles Lussier, Clerk of the Senate, from 140 Wellington Street. Unfortunately, it went by the Post Office. He received that letter today. I realize we have glaciers in Canada, but in Ottawa?

Hon. Nathan Nurgitz: When did you send it?

Senator Gigantès: I sent it on March 8, and he received it on March 15; it took seven days to cross the street.

Hon. C. William Doody: That's progress!

• (1430)

Senator Gigantès: I have before me a letter sent to me by the Greek community in Toronto dated January 30, 1984. I received it on March 15, 1984. Both of these letters are written in one of the two official languages. Had that not been so, I would have said that the RCMP might have been trying to read my mail—although I do not suppose for a moment they were trying to do so, since I am not interesting enough—and that the delay might have arisen because of translation problems, but these letters are in French and English. What is the Post Office up to? Why is it taking so long for mail to cross Wellington Street?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall refer the question and the supporting information to the minister responsible.

ENGAGEMENT IN COMMERCIAL UNDERTAKING

Hon. Joseph-Philippe Guay: I ask the Leader of the Government in the Senate to ask the same minister, at the same time, if he could enlighten us as to why the Post Office is moving into the commercial area. I might say that the local businessmen are very concerned about this.

Hon. H. A. Olson (Leader of the Government): I shall also take that question as notice.

PRIVATE BILL

UNITED GRAIN GROWERS LIMITED—BILL TO AMEND ACT OF INCORPORATION—SECOND READING

Hon. Gildas L. Molgat moved the second reading of Bill S-10, to amend the act of incorporation of United Grain Growers Limited.

He said: Honourable senators, the reason for requesting leave to proceed with this bill today is that next week I have to be with the Special Committee on National Defence on a trip outside of Ottawa. Also, the company is anxious to have its officials meet, at the earliest possible date, with the committee to which I intend to move referral of this bill. Therefore, this request was made as a convenience to the company to allow it more notice than it would otherwise have had. A board of directors meeting is coming up in early April, and it would be helpful were it possible to have this matter concluded by that time.

Before going into the details of the bill itself, perhaps I should give honourable senators some background on this most important company, in Canadian terms, and particularly in western Canadian terms. United Grain Growers is one of the major grain handlers in this country. Of the four companies owned by producers, it is the only one that operates in all of the prairie provinces. The other three, the pools, operate

normally only within the province for which they are licensed. United Grain Growers operates in all three prairie provinces and even has a small operation in British Columbia, so it is one of the major grain handlers in the west.

To give you some idea of its importance to the prairie provinces in particular, in the past year, for example, United Grain Growers operated country elevators at 72 points in Manitoba, 136 points in Saskatchewan, 138 points in Alberta and three points in British Columbia. They have three major terminal elevators, two in Thunder Bay and one in Vancouver. They employ just over 2,000 people in total. Their sales and revenue in 1983 were almost $1.2 billion, leaving them with a net revenue, prior to income tax and patrons' dividends, of something in the order of $21 million. As honourable senators can see, this is a major enterprise.

United Grain Growers has approximately 94,000 members. The total number of permit books issued by the Canadian Wheat Board in western Canada is approximately 145,000. Although all of those members are not necessarily permit holders, one gets an idea of the proportion and the importance of this company within the whole system.

United Grain Growers Limited is totally owned and controlled by farmers. The membership shares can only be held by farmers and can only be transferred to other farmers. The membership has one vote per member, not based on shares, so that it is a totally farmer-owned and farmer-controlled operation.

The company has a long history—78 years. It began in 1902 and was incorporated in 1906 as a Manitoba company under the name Grain Growers Company Limited. It became a federally incorporated company in 1911, when it obtained its first charter from Parliament.

The Senate has, in a sense, a particular connection with this grand old company, because Senator Crerar, who is well-remembered by many of the senators here, was its president for many years—indeed, from 1907 until 1929. Thus, the Senate has that connection with this firm.

Over the years the Senate has also passed a number of bills amending the charter of the company with respect to its capital stock. Basically, that is what this bill proposes.

The explanatory notes, like the petition, which I read yesterday, are clear in setting out the intent of the bill. The request is for an increase in the capital structure from the present $25 million to $45 million. This is to be accomplished by an additional 1,000,000 class "A" shares at $20 per share.

The need for an increase in capital structure is to enable the company to retain earnings. At present the company uses these class "A" shares to pay out patronage dividends, and by doing that it is able to retain its earnings, which it needs at this point, in any case, to increase its facilities as grain handling requirements increase.

There is also provision for an increase in the amount of interest that can be paid on these class "A" shares, with the understanding as well that the same interest must be paid on the class "B" shares.

[Senator Molgat.]

A request is included to increase the limitations on the ownership of class "A" shares. At present only 5,000 can be owned by any one individual. That will be increased to 15,000 shares per individual.

Basically, those are the provisions of the bill. They are reasonable in light of the demands upon the company and in considering its past record, which has been excellent. I recommend the bill to the Senate.

It is my intention to seek referral of the bill to the Standing Senate Committee on Banking, Trade and Commerce. I recognize that as a private bill it would normally go to another committee, but in light of past practice I would prefer to send it to the committee that dealt with the previous capital restructuring of this company. In 1976, when a similar bill was presented to increase the capital structure, it was referred to the Standing Senate Committee on Banking, Trade and Commerce because of the nature of the subject matter. Therefore, it is my intention to move that the bill be referred to that committee, assuming it receives second reading.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, in speaking to second reading of this bill, I might say that, when my colleagues and I learned of the situation of the Honourable Senator Molgat with respect to the timing of his introduction, we were happy to join with him in recommending to the house that the matter be dealt with this afternoon. I hope that it may even be disposed of this afternoon and referred to the committee, as he suggests. The study of the bill in committee will give us an opportunity to hear from the company and to satisfy ourselves that the measures they propose carry the support, as I am told they do, of the membership of their organization.

• (1440)

I am happy my friend took the time to say a word about the United Grain Growers because there are not many large organizations of such a nature now headquartered in the city of Winnipeg to which we can refer. It is a matter of no small satisfaction to me, as the senator from Red River, which runs through the city of Winnipeg, to be able to reflect on the contribution that the United Grain Growers and their people have made to our community and to the whole of the farming community in the west.

It was interesting to hear the reference to Senator Crerar as president of this organization. I think I have known every president from Senator Crerar right down to the present time in the United Grain Growers organization, and many of their leading people as well. I have always been struck by what, to me, was the sane and constructive—one might also say conservative—leadership they gave to farmers in western Canada in respect of problems in the grain trade and, indeed, other aspects of agriculture as well. This has been a leading organization in the agricultural life of western Canada. In my opinion, it is an organization which has a first class record of solid and progressive leadership in the field in which it plays such an important role. I, for one, would be willing to support any move in this house to promote its activities in such a way as to assist it in developing its services even further.

The details of the bill seem to me to be quite straightforward. It is probably the type of situation which in the case of other companies could be dealt with under the Canada Business Corporations Act but, in view of its special charter, it has to be dealt with by means of legislative enactment of Parliament.

It is a great institution; it is one of the pillars of my community. I am pleased that we can help to organize its finances in such a way as to enable it to continue its leadership in Manitoba and in western Canada.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Roblin has mentioned something which is of some concern to me. I understand that, having been incorporated by a special act of Parliament, the capital structure cannot be changed otherwise than by this bill at this time. However, I would like to ask Senator Molgat if he could inquire whether or not it is necessary to continue with that system; whether or not it would be possible to adopt a procedure similar to that adopted in the case of Bell Canada and other corporations, whereby in the future they could obtain changes in capital structure or letters patent through the usual method provided in company law.

Senator Molgat: I do not know the answer to the question. I will be pleased to find out if there are other means of doing this.

Senator Flynn: This could be provided for in the future, in this bill.

Senator Molgat: In this bill?

Senator Flynn: Yes.

Senator Molgat: We shall check into that matter.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Molgat moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

[*Translation*]

HEALTH SERVICES

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-3—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of Tuesday, March 13, 1984, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-3, intituled: "An Act relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto;

That the Committee have power to adjourn from place to place within Canada; and

That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

He said: Honourable senators, I presented that notice of motion last Tuesday. I wanted to give the Committee on Social Affairs, Science and Technology the opportunity to study the subject matter of Bill C-3.

When I requested that permission, I think it was Senator Roblin who suggested that since I could not provide any urgent reason for not proceeding with formal notice as usual, that motion could give the honourable senators the opportunity to examine the matter.

Now I ask the honourable senators to support the motion.

On motion of Senator Macdonald, debate adjourned.

[*English*]

INCOME TAX

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of March 13, 1984, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be deemed to have been authorized to engage the services of such counsel and technical, clerical and other personnel for any studies it undertook with respect to Bill C-2, intituled: "An Act to amend the statute law relating to income tax and to make related amendments to the Canada Pension Plan and the Unemployment Insurance Act, 1971".

He said: Honourable senators, when I gave notice of this motion I explained that it was merely to correct a technical error. When the reference was made we forgot to put in that term with respect to the hiring of technical personnel and so on.

Motion agreed to.

The Senate adjourned until Tuesday, March 20, 1984, at 2 p.m.

THE SENATE

Tuesday, March 20, 1984

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

Prayers.

[*Translation*]

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the calendar year 1983, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Thursday next, March 22, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, according to recent tradition, if tradition can be recent—

Hon. Jacques Flynn (Leader of the Opposition): The word "custom" would be more appropriate.

Senator Frith: Thank you, Senator Flynn.

Two weeks ago the question was raised whether the arrangement for committees to sit on Wednesday afternoon is worthwhile. Last week, I said I intended to review the system with committee chairmen at a meeting this Thursday.

Meanwhile, I see that two committees will be sitting tomorrow, that is Wednesday, one being the Committee on Social Affairs, Science and Technology, while the other one is the Committee on National Defence, which will be sitting outside Ottawa.

In any case, at the meeting with committee chairmen I intend to suggest that we continue our custom, to use the expression preferred by the Leader of the Opposition.

Senator Flynn: Honourable senators, I must say this explanation is not very convincing. I wanted to know which committees would be sitting tomorrow, and Senator Frith says, obviously, that the Committee on National Defence will be away for the whole week and will therefore not be sitting here tomorrow nor any day this week. Thus that would not be a reason for not sitting Wednesday afternoon.

As for the other committee, I have not yet been notified, but I understand that it is only a possibility, provided we adopt the proposal on the Order Paper to refer the subject matter of Bill C-3 to this committee.

I am therefore inclined to say that the explanations of the Deputy Leader of the Government are rather superficial, but given the assurance that this recent custom will be reviewed very shortly, we agree to adopt the motion.

Senator Frith: May I take this opportunity to emphasize that the main reason is that we shall be reviewing the question?

As far as the committees sitting tomorrow are concerned, my comments were in parentheses, as it were.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

WORLD FOOD PROGRAMME

Question No. 2 on the Order Paper—**By Hon. Jack Marshall:**

> With regard to Canada's Contribution to the World Food Programme in 1983-1984 (i) what is the amount (ii) of the amount, how much was in cash and how much was in commodities and (iii) of the contribution in commodities was any amount related to fish products and if so, how much, and if not, why not?

Reply by the Secretary of State for External Affairs:

World Food Programme—1983-84 Fiscal Year Programme

i)	Total Pledge:	$125.0 million
ii)	Cash Contribution:	$ 20.0 million
	Commodities:	$105.0 million
iii)	Fish Products:	$ 8.9 million (approximate)
		3,451.1 metric tons

Other Commodities:	
Non-Grain	
Vegetable Oil	$ 8.9 million
Pulses	4.2
Skim Milk Powder	9.0
Grain	
Wheat	$ 36.1 million
Flour	37.1
Maize	0.8

HEALTH SERVICES

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-3—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Langlois:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-3, intituled: "An Act relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto:

That the Committee have power to adjourn from place to place within Canada; and

That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Macdonald*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this motion stands in the name of Senator Macdonald. When speaking to him following the adjournment of the Senate last Thursday, he said that Senator Roblin had asked that the debate on the motion be adjourned. Since then I have had discussions concerning questions on the motion raised by Senator Flynn and Senator Roblin. I see that the chairman of the committee has now taken his seat, and I would therefore ask that this order stand until later this day in order that I might have an opportunity to speak to him about it.

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

Hon. Senators: Agreed.

Order stands.

THE BUDGET SPEECH

PROPOSALS BY MINISTER OF FINANCE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on 15th February, 1984.—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, once again the government, through its deputy leader in the Senate, has provided this inquiry, enabling honourable senators to address themselves, in an organized and more formal way, to the government's budgetary policy. I again express my appreciation to the government for having taken the initiative in providing us with this opportunity.

I listened, as always, with respectful attention to the Deputy Leader of the Government when he opened the debate. Unfortunately for him, some of his rhetoric—particularly the rosy assessment of the country's economic prospects at the moment—is being overtaken by events almost daily.

The Deputy Leader of the Government, as we all know, has a highly engaging turn of phrase.

Hon. Royce Frith (Deputy Leader of the Government): Here comes trouble!

Senator Murray: I was particularly interested in his ascent into analogy, when he drew the analogy of budget-making and road-building. I thought that the analogy had a familiar ring to it. Sure enough, after some research, I discovered that it was the great phrase-maker himself, Pierre Trudeau, who drew the analogy many years ago in 1969. It was at a time when federal government spending was $13.8 billion annually. In drawing this analogy to road-building, Mr. Trudeau said:

> We'd be on the road to financial disaster if nothing was done to bring spending under control.

Well, the great phrase-maker, the great road-builder has taken us well down that road and we have arrived, I suggest, at the destination he pointed out for us in 1969: the road to financial disaster for the Government of Canada.

• (1410)

Hon. Peter Bosa: It is under control.

Hon. Martial Asselin: Ask Senator Perrault.

Senator Murray: It also occured to me in listening to the Deputy Leader of the Government that this is the fifth budget that has been brought in by this goverment since its return to office in February 1980. There have been five budgets and two mini-budgets. The budgets were on October 28, 1980; November 12, 1981; June 28, 1982; April 19, 1983 and February 15, 1984. The financial statements or mini-budgets were brought in on April 21, 1980 and October 27, 1982.

This government is in the fifth year of its mandate. I think it is only fair and appropriate to review the budgetary policy of the government and to examine the results that those budgetary policies have had on the economy of our country. As I say, the government was returned to office in February 1980 and sworn in in early March. Mr. Allan MacEachen made his parliamentary debut as Minister of Finance on April 21, 1980. He did not introduce a budget but a financial statement or

mini-budget, the purpose of which was to outline what measures in the previous Conservative government's budget of December would be retained and proceeded with. Their proudest boast—and one can still hear the backbenches ringing with applause—was that they would not proceed with the "heinous", "iniquitous" 18-cent excise tax increase on gasoline. Of course, Mr. MacEachen did not say that gasoline prices would rise in 1980 by about 22 cents per gallon, depending on the location; he did not say that between 1980 and 1984 gasoline prices would rise by $1.13 per gallon and that the price of home heating fuel would rise by $.80 per gallon.

While pretending on April 21, 1980 to honour the Liberal Party's commitment to prevent energy price increases and to do away with the energy price increases forecast by the Conservative government, Mr. MacEachen took away the energy tax credits in the Conservative budget, energy tax credits that would have provided $220 per year for a typical low or middle income family this year. Thus began the erosion of this government's credibility with the taxpayers and the people of Canada. The statement of Mr. MacEachen did retain several of the measures intended to help small business that were in the Conservative budget. There was the small business development bond and the deductibility of salaries of spouses by unincorporated businesses. But in 1980 Mr. MacEachen's first financial statement did away with several important initiatives that had been introduced in the Conservative budget. Out went the additional depletion allowances for oil and gas exploration. Out went the tax incentives for regional development and fishermen. Out went the Canadian common stock investment plan, a positive program which would have encouraged Canadians to invest in the growth of Canadian companies.

The government's decision to kill these initiatives of its predecessor seems to me now much more significant than it did then. That decision provided a foretaste of the government's anti-business, anti-investment, anti-incentive attitude which was to gain such notoriety for the government and, unfortunately, for Canada in the next two budgets that Mr. MacEachen brought down. It provided a hint of the government's conviction that Canadian economic growth can best be assured through the aggrandisement of the government sector at the expense of the private sector.

Six months later, on October 28, 1980, Mr. MacEachen rose to give his first formal budget address. Again, there was no attempt to outline a fiscal and economic policy for the government; instead, Mr. MacEachen's budget address in October of 1980 provided a vehicle for the introduction of the National Energy Program. This is not the time to enter into an examination of the devastation which the National Energy Program has wreaked on the energy sector of this country. We now have a committee of the Senate that has the opportunity to examine what has happened in and to the energy sector and particularly to the petroleum business since October of 1980.

What I would like to do briefly, but thoroughly, is to consider the impact of the National Energy Program on our national economy. The National Energy Program introduced by the MacEachen budget on October 28, 1980, featured a big tax grab. There were a number of new taxes, some taking a slice of the wellhead price and others loaded on top of the wellhead price. Notably, there were the petroleum gas revenue tax, which was to have raised $5 billion by 1983-84, and the the natural gas and gas liquids tax, which was to have raised some $6 billion by 1983-1984. Then there was the Canadian ownership charge that was intended to finance an increase in public ownership in the petroleum industry.

The National Energy Program also featured the so-called Canadianization proposals. They introduced a formula called the COR, the Canadian ownership rate. It was announced that the depletion allowances would be phased out and they would bring in the PIPs, petroleum incentive payments. The higher the COR, the higher the PIP and the PIPs would be higher on the so-called Canada lands. That, I presume, was intended to have the effect, as it certainly did, of discouraging exploration on lands that were under provincial jurisdiction. At the same time, the federal government reserved to itself, or to a crown corporation, a 25 per cent interest in all existing and future petroleum rights on the Canada lands.

While the impact of this announcement in Mr. MacEachen's budget of October 1980 was dramatic in the petroleum industry, it was traumatic for the Canadian economy. The tax grab was a blow to the petroleum industry, which saw its cash flow, and, therefore, its ability to carry out exploration and development, severely reduced. The Canadianization proposals, which featured discrimination against foreign capital and retroactive back-in provisions, shook the international investment community. There was a period of confrontation with the producing provinces followed by a long impasse. The immediate result was the shelving of the Cold Lake and Alsands projects. Not only were these projects essential to the government's declared goal of oil self-sufficiency, but Cold Lake and Alsands were to be our shield against the recession; our "ace in the hole" against the world recession, if I may mix metaphors.

• (1420)

The estimated cost of these projects was to have been $10 billion to $12 billion each. They would have meant thousands of construction jobs in Alberta; thousands of manufacturing jobs in eastern Canada. The 16th Annual Review of the Economic Council of Canada in 1979 and the 17th Annual Review of the same body in 1980 pointed out that energy-related projects would provide the only real buoyancy in investment in the 1980s. They were referring, of course, to Cold Lake and Alsands; to the Quebec and Martimes pipeline; to the Alaska Highway gas pipeline; to the east coast pipeline. Without these, said the Economic Council, there would be a cumulative total of some 753,000 jobs lost between 1980 and 1990. The two biggest projects, namely Cold Lake and Alsands were, to all intents and purposes, sunk by the National Energy Program of the federal government.

Meanwhile, what was happening to investment exploration and development, employment and growth in the petroleum sector generally? If you look at the figures for the years 1980,

1981 and 1982, you will see that capital expenditure on exploration in 1980, before the introduction of the National Energy Program, was at $4.1 billion. In 1981, it was down to $3.7 billion; in 1982, it was down to $3.5 billion. I do not yet have the figures for 1983 but I am reliably informed that, if there has been an increase, investment will still not reach the levels that were attained before the National Energy Program was introduced.

With respect to the number of well completions in those years, in 1980 there were 3,900; in 1981, there were 3,000; in 1982, there were 2,200 and in 1983 there were 2,135. If there was devastation in the energy sector—and there was—there were thousands of jobs lost to the Canadian economy, directly and indirectly. I saw one estimate from the industry to the effect that some 20,000 jobs were lost at the field level in the drilling and servicing industries alone; that is the cost to this country of the National Energy Program.

This devastation was soon reflected in the depressed shares of oil and gas companies on the stock market. The Honourable Marc Lalonde, who was then Minister of Energy, in that off-handed way he has become so famous for, allowed as how this depression in the prices of oil and gas company shares would make it that much easier for Canadians—and one assumes in particular the Canadian government—to buy up these foreign companies. One wonders what investors, whether Canadian or foreign, would think of such a comment. I may say in passing that it did not quite turn out that the companies were taken over when share prices were at the bottom. Indeed, a couple of studies that have been done indicate that many of the purchases were done at a time when share prices were still at rather high levels.

In any event, the takeovers proceeded, induced by the National Energy Program.

In February of 1981, Petrofina was taken over for the sum of $1.45 billion. Between February and July of 1981, there were more acquisitions totalling an additional $6.6 billion. That money left Canada because of the acquisition of those assets; the value of the Canadian dollar, predictably enough, declined; interests rates were jacked up to protect the exchange rate of the Canadian dollar, and in July Mr. MacEachen cried "uncle".

Mr. MacEachen, who had introduced the National Energy Program with its so-called Canadianization provisions during the previous October, then issued a statement asking the banks to reduce lending for takeovers involving an outflow of capital funds from Canada. Even the friends of the government must have been embarrassed by the way in which the government's incompetence had caught up with it.

Hon. Jacques Flynn (Leader of the Opposition): Not those sitting here.

Senator Murray: But the damage to the government's credibility and also, unfortunately, to Canada's credibility had already been done.

In the year following Mr. MacEachen's statement of July 1981, more foreign-owned companies were acquired at a cost of a further $1.1 billion. So it was left at the end of the year to the Governor of the Bank of Canada to assess the damage, as he did in his annual report of 1981. I should like to put on the record a couple of paragraphs from that report.

Speaking generally, at page 12, Mr. Bouey stated:

> One element in the generally weaker performance of the Canadian dollar against the U.S. dollar was the increase in uncertainty that followed the announcement of the National Energy Program in October 1980 and the subsequent federal-provincial energy dispute. Towards the middle of 1981 the pressure on the Canadian dollar was sharply increased by a wave of takeovers by Canadians of foreign-controlled businesses in Canada, mainly though not all in the petroleum industry.

Speaking of the downward pressure on the Canadian dollar, he stated:

> . . . the pressure on the Canadian dollar became very great in late July and early August and the Canadian dollar lost 3 per cent in value against the U.S. dollar in the course of three weeks. The rapid slide took place notwithstanding both a sharp rise in Canadian short-term interest rates that carried them appreciably above U.S. rates and strong support for the Canadian dollar via direct intervention by the authorities in the exchange market.

At page 23 of the report, the Governor of the Bank of Canada stated:

> The other component was the sale by non-residents to Canadians of some $8 billion of their controlling interests in businesses in Canada. The greater part of these takeovers was in the oil and gas industry and was in accordance with the Canadianization aspect of the National Energy Program but a considerable part was outside the energy field.

The Governor went on to state:

> In the circumstances that existed, purchases of foreign-owned businesses in Canada had to be financed through additions in one way or another to Canada's interest-bearing foreign indebtedness. In most cases this was accomplished by the Canadian purchasers doing the related foreign borrowing. They did it mainly by borrowing U.S. dollars from Canadian banks, which in turn borrowed the funds on international money markets. But a significant part of the takeover activity included no arrangement for foreign financing. In those cases Canadian dollars were converted in the exchange market, putting immediate downward pressure on the Canadian dollar. In July that pressure was very great. Large sales of Canadian dollars in an exchange market that had already been unsettled by the growing scale of takeover operations triggered a steep slide in the exchange rate. As was noted in the earlier section on interest rate developments, in late July the Minister of Finance requested banks to limit their financing of such operations in order to ease the pressure on the exchange rate.

> The effect on the exchange market of the foreign exchange conversions produced by the wave of takeovers was reinforced both by uncertainty as to the scale of conversions from further takeovers and by longer-term balance of payments considerations.

I ask honourable senators to pay particular attention to this next sentence, which states:

> In respect of the longer term, it was clear that the annual interest cost of the foreign borrowing done to finance the takeovers would be much larger for many years than the dividend payments that would have been made by the enterprises taken over. In that way Canada's need to borrow abroad in the foreseeable future was being increased.

• (1430)

The C.D. Howe Institute, in its May 1983 study entitled "Lessons from the National Energy Program," put it even more bluntly:

> Canadianization of the oil industry is a costly way of securing resource benefits for Canadians. Increasing Canadian ownership of the oil industry is one way of reducing the flow of windfall gains to the foreign owners of petroleum companies. But substantial costs are involved in Canadianization. Canadians have paid the price directly through the Canadian Ownership Charge—a tax imposed on oil and gas consumption to meet the costs of buying out foreign owners. There have also been indirect costs. Large-scale purchases of foreign-owned petroleum companies in 1981 destabilized the capital markets and played havoc with the exchange rate. The result was higher interest rates and a depreciation of the Canadian dollar, thereby increasing the cost of imports.

The C.D. Howe Institute also states:

> There will be significant long-term costs as well. Foreign equity investment has been replaced with long-term foreign debt—

A point made in the annual report of the Governor of the Bank of Canada.

> —which will have a continuing negative impact on the balance of payments. The poor timing of the takeovers, at the peak of the oil price boom, and the debt financing of acquisitions weaken the financial structure of the newly-acquired firms. Finally, the retroactive federal claim to an interest in existing petroleum rights shook the confidence of both domestic and foreign investors in the stability of Canada's investment climate.

I think that it is important to remember that Mr. MacEachen's budget announcing the National Energy Program came at a time when a recession was on the horizon in this country. Unfortunately, the National Energy Program succeeded in plunging Canada deeper into recession, weakening the dollar, adding to the costs of imports, increasing interest rates, stifling investment, causing thousands of bankruptcies and creating thousands of unemployed. That was a legacy of the National Energy Program brought in in Mr. MacEachen's budget of October 1980.

[Senator Murray.]

Another year was to pass, another year in which the National Energy Program was allowed to take its heavy toll on the Canadian economy, before Mr. MacEachen brought in another budget. On the evening of November 12, 1981, Mr. MacEachen came to bat again. What was the situation in the economy on November 12, 1981? The economy was in a serious tailspin. Statistics Canada, the previous week, had said, and I quote:

> The marked slowdown in activity could develop into a recession during the coming months. The sharp decline in indicators of economic activity have already led firms to cut production, and layoffs have become widespread.

When Mr. MacEachen rose in his place on November 12, 1981, to present that budget, the Conference Board of Canada had already found that consumer confidence was at a 20-year low. The volume of retail sales had dropped. Canadian sales of North American automobiles were down 35 per cent in the previous month—October 1981. Corporate profits had fallen 9 per cent from the third quarter of 1981. Commercial bankruptcies were up 16 per cent over 1980. It was not hard to read the signs. The signs were abundant that Canada was heading into and was threatened with a very serious recession.

What was the response of the government through its Minister of Finance in the budget of November 12, 1981? The response was the infamous MacEachen budget of November—an unprecedented assault on the Canadian taxpayer, and anti-business, anti-investment and anti-incentive. Many forms of incomes which, historically, had been exempt from tax, or which had received preferential treatment, were now to be taxed. A number of other deductions were disallowed. Many incentives to savings, to investment and to economic growth were wiped out—incentives that had been brought in by previous governments, including previous Liberal governments.

Accrued income, including life insurance income, was to be taxed every three years. Taxes on employee benefits ranging from dental plans to the use of the company car were to jump significantly. Automatic general averaging was to be replaced by forward averaging.

Businesses were heavily hit by, for example, a 12½ per cent dividend distribution tax and the new half-year convention for capital cost allowances that has cost this country very dearly in terms of investment. The small business devlopment bonds were gutted; MURBs were ended; and so on and so forth.

Over 100 tax changes were proposed by Mr. MacEachen on November 12, 1981, at a time when the country was heading into a recession. The immediate result was an uproar in the country—an uproar such as had never before greeted a federal budget. There was consternation as to the sense of timing and the political and economic judgment of a government that would make such outrageous tax proposals when the country expected, and had a right to expect, a budget that would be aimed at fighting the recession.

Then began the confusion, the backtracking and the flip-flopping. Between November 12 and December 18, 1981, 18 changes were announced in the MacEachen budget, but, of course, the minister stayed on, oblivious to constitutional convention and to the tradition under which ministers who have to swallow important parts of their budgets stand down and resign from cabinet. This government has neither self-respect nor respect for constitutional convention. There were 18 changes between November and December; between January 1982 and May 1982 six more changes were announced; on June 28, 1982, 11 more changes were announced; on October 27, 1982, eight more changes were announced—

Senator Frith: Responsiveness.

Senator Murray: —and between October 27 and December 6, 1982, two more changes were announced.

Senator Frith: Open-mindedly improving at all times.

Senator Murray: Since that time, how many more? That budget was gutted, and the Minister of Finance at the time should have resigned.

Senator Frith: Dramatically and democratically improved.

Senator Murray: I ask the Deputy Leader of the Government, who is interjecting from his seat, to consider what the effect of all this would be on any serious-minded investor, businessman, consumer, taxpayer, whether in Canada or in any other country. What would he say? He would say, "This is a government that does not know what it is doing; this is a government that has its priorities all wrong; this is a government that is incompetent," and he would be right.

Honourable senators, I lost count at about 55; there were 55 substantial changes in that budget, and counting the number of measures that were changed not once but two or three times the number of changes is probably in the sixties.

Senator Frith: Always fine-tuning for improvement.

Senator Murray: This was the November 12, 1981 budget, coming as the country was threatened with recession and coming a year after the inception of the National Energy Program that had already caused such devastation. This November budget of 1981 set off two to three years of confusion, of backtracking and of amendment.

Senator Frith: We did debate that budget.

Senator Murray: The year that followed was devastating. The budget was grievously damaging to the Canadian economy because it had a devastating effect on confidence. I am saying to the Deputy Leader of the Government and to other honourable senators that the débris of Mr. MacEachen's November budget still litters the economic landscape of this country.

• (1440)

Senator Frith: Speaking of phrase-making, that will do until something better comes along.

Senator Murray: I am glad that the Deputy Leader of the Government finds my description of the situation so apt.

Senator Frith: Would that he did!

Senator Murray: We waited for seven months and Mr. MacEachen came to bat—or was it that he came to the surface—for the third time with his budget of June 28, 1982. In good part because of Mr. MacEachen's two previous budgets and the economic policy of this government, the Canadian economy, by this time, was deeply into recession.

By the time Mr. MacEachen presented his third budget on June 28, 1982, the gross national product had fallen in three consecutive quarters. The first quarter corporate profits were at 41 per cent of their 1981 level. Manufacturing output was at 70 per cent of capacity. The transportation industry was operating at 51 per cent of capacity. Unemployment was at 10.2 per cent. The Conference Board of Canada found that consumer confidence was at its lowest level in the 20-year history of the consumer attitudes index. Business confidence was at its lowest level in the five-year history of the business opinion survey. Such was the wreckage that faced Allan MacEachen—caused in good part by his own policies—when he rose to his feet on June 28, 1982.

This time, with the country mired in a recession, what was his response? It was this gigantic public relations exercise known as the six-and-five program, of which the Deputy Leader of the Government and others are so proud. Federal public sector wages, family allowance, old age security, public service pensions and federally-administered prices were to be restrained to increases of 6 per cent and 5 per cent. As an attack on inflation, it was an attack on a very small part of the inflation problem. I ask honourable senators how much of recent inflation is accounted for by family allowances, by old age security, by pension increases, by public service wage increases or even by federally-administered prices? I suggest that quite a small part of recent inflation in this country can be attributed directly to those causes.

Inflation has fallen since June of 1982, although it is still higher in Canada than in the countries that are our major competitors and trading partners. It has fallen because Canada has plunged into a deep economic recession.

What is worrisome about inflation is that the conditions exist for a resurgence of it at almost the first sign of economic recovery. These conditions have not been addressed by the government. The weakness of the Canadian dollar adds to the cost of imports. Government spending each year has been higher than nominal growth in the gross national product, notwithstanding the commitment given by Prime Minister Trudeau in 1980 to keep spending increases below the growth of the GNP and notwithstanding the fact that every year the government forecasts that this objective will be achieved the following year.

Taxation continues to grow, but the federal deficit has continued to rise. It was $12.6 billion in 1980-81, $13.6 billion in 1981-2, $24.6 billion in 1982-83, $31.4 billion in 1983-84, and Mr. Lalonde now forecasts a small decrease to $29.6 billion in the current fiscal year. The forecasts of this govern-

ment have been so wildly inaccurate in the recent past that I wonder who can take them seriously?

In any case, if the economy should falter—as it shows every sign of doing—I regret to say that the deficit projection made by Mr. Lalonde in his budget last month will prove to be quite short of the mark.

Government taxing, government borrowing and government spending continue to grow. These are important elements of Canada's problem of inflation that have not been tackled by the six-and-five or by any other government program. We will have a borrowing bill in this chamber within the next few days, and this will give honourable senators an opportunity to discuss the record of the government in this respect in somewhat more detail. Suffice it to say, for the moment, that there is very little confidence among Canadians that inflation will not break out very quickly, if there is any sustained recovery in economic growth.

To resume my narrative, honourable senators, on September 10, 1982, Mr. MacEachen was taken out of the Finance portfolio and elevated or translated to External Affairs. Mr. Lalonde, the hero of the National Energy Program, was made Minister of Finance. On October 27 he presented a mini-budget, which was a financial statement with some revised forecasts of revenues and expenditures and some further retreats from the disastrous MacEachen budget of November 1981. It was on April 19, 1983, that Mr. Lalonde brought in his first formal budget.

What had happened in the 10 months that had elapsed since Allan MacEachen's last hurrah—since his previous budget? In 1982, the Canadian economy had fallen by 4.8 per cent in real terms, which was the worst decline of any OECD country. Between the middle of 1981 and April of 1983 real GNP had fallen by 7.5 per cent; real GNP per capita in this country was lower on budget day, April 15, 1983, than it had been in 1976; 1.6 million Canadians were unemployed; in the fourth quarter of 1982, Canadian manufacturing was operating at 63 per cent of capacity, the lowest level since records had started to be kept in 1961. Primary metals were operating at 55 per cent of capacity; transportation equipment at 43 per cent of capacity; the wood industry at 54 per cent of capacity; the electronics industry at 63 per cent of capacity and the furniture industry at 55 per cent of capacity. Business capital investment was still falling, corporate profits were down 24 per cent in the fourth quarter of 1982 over 1981, and 11,000 businesses had declared bankruptcy. Further, the Canadian Federation of Independent Businesses had estimated that, if we were to count the receiverships and the number of businesses that simply closed their doors and walked away, approximately 80,000 small businesses had folded in 1982.

Into that situation on April 19, 1983, with his first formal budget, came Marc Lalonde. Full of bounce and full of beans, he could not wait to present his first budget to the House of Commons. He invited the photographers in and began grandstanding, showing them copies of the budget speech. The inevitable happened—a photographer caught part of the document on film and details of the budget were published before Mr. Lalonde rose to his feet in the house. The tradition, the constitutional convention under those circumstances, is very clear: the Minister of Finance resigns. Not in this government; not with this minister; oh, no. What happened was that Mr. Lalonde decided to make the leak inaccurate by adding another $200 million to the spending—another $200 million to the deficit—this is $200 million to save Mr. Lalonde's face.

Senator Frith: What budget are we debating here?

Senator Flynn: We have to look at things in perspective.

Senator Frith: I suppose we should be glad we started in 1980, not 1880.

Senator Murray: With the economy in the desperate shape that I have just detailed, how could anyone take seriously a minister or a government who behave like clowns?

There was great fanfare surrounding Mr. Lalonde's so-called job creation package, and, in particular, the special recovery capital projects. We have heard a great deal about those, as to how they are administered and how the projects are chosen. But when one came to the fine print, even after the special recovery program, Mr. Lalonde's budget documents were forecasting that there would be 55,000 fewer people with jobs in 1984 than there had been in 1981 when the Honourable Allan MacEachen kicked off the recession.

• (1450)

But the most important feature of Mr. Lalonde's April 1983 budget—and I hope it is not overlooked in all of the publicity attached to his zoom lens episode—was the introduction of almost $6 billion in tax increases to come in over the succeeding four years. I might say in passing that, notwithstanding the $6 billion in tax increases, Mr. Lalonde is still forecasting deficits in the $25 billion to $30 billion range.

Then, last month—on February 15—we had Mr. Lalonde's most recent budget. It was full of promise. There was a proposal on mortgage protection; there was another on small business tax relief; another on profit sharing and pensions. There were all kinds of proposals to be given further study—I repeat, "further study". Perhaps action would come at some unspecified time in the indefinite future. They did increase the guaranteed income supplement for the single elderly by $25 in July and $25 in December. A parliamentary task force had recommended up to $102 per month for those receiving the maximum GIS, the amount of the increase to depend on the sources of other income. I saw one estimate that said that even with this increase the single elderly would be some $1,900 below the poverty line.

With the exception of $150 million announced for the Youth Opportunity Fund, there was nothing to address Canada's unemployment problem. We are going to have double-digit unemployment this year and next year. But what is rather tragic about this budget, in my opinion, is that the validity of its economic assumptions, and therefore its credibility, has been attacked from all sides.

The Senate will recall that Mr. Lalonde forecast that real gross national product this year would grow by 4.9 per cent

and in 1985 by 3.5 per cent. Almost every qualified commentator that I have heard states that these assumptions are excessively rosy. The realization of these assumptions would depend on what the Conference Board calls a "continuing and simultaneous movement of all elements of demand." I may say that the Conference Board forecast that real GNP this year will not be Mr. Lalonde's 4.9 per cent but, rather, 3.3 per cent, and that next year it will not be Mr. Lalonde's 3.5 per cent but, rather, 0.3 per cent.

With regard to the capital investment intentions in this country, Mr. Lalonde's budget seems to indicate that he has set his face against the available evidence. In January the government's own Department of Regional Industrial Expansion published a survey indicating that Canada's larger firms will have negative levels of capital investment in 1984. I have the study here. I also have the Statistics Canada study, which indicates that while its capital investment survey shows some increase in residential and government capital investment, it still shows business cutting back quite sharply in its investment intentions. Indeed, the Statistics Canada document, published on March 2 last, which is since Mr. Lalonde's budget, indicates that total business capital investment in 1984 will be down 0.4 per cent from 1983, and, at the same time, it indicates that total business capital investment for 1983 was down 10.1 per cent over 1982. So Mr. Lalonde's assumptions—the assumptions on which he bases his forecast of economic growth, and, with them, forecasts of revenue, and so on—are seen to be excessively optimistic even by the government's own agencies in the latest surveys and reports they have issued.

In the fourth quarter of 1983, real GNP grew by 0.9 per cent; but final domestic demand, which excludes inventory, savings and exports, fell by 0.1 per cent. To quote the Conference Board again:

> There are worrisome signs that the recovery might not be as robust as otherwise might be expected.

To talk about the rosy assumptions for economic growth, let us take a look at what Mr. Lalonde, the Minister of Finance, himself said at page 15 of the budget document entitled *The Canadian Economy In Recovery*. I would ask honourable senators to pay particular attention to this sentence:

> A crucial aspect of the medium-term projection is the underlying view of moderate sustained declines in interest rates—

Well, honourable senators have seen what has happened since the budget. We have a bank rate of 10.56 per cent and rising, threatening to choke off growth and investment and to wipe out the recovery in its infancy.

Senator Frith: A temporary mutation.

Senator Murray: The Deputy Leader of the Government says that this is a temporary mutation. Well, we shall see.

Senator Frith: The Conference Board said today that inflation was going to stay at about 5 per cent. Are you going to quote that, or are they not qualified?

Senator Murray: I would remind my honourable friend, who is quoting the Conference Board with such pleasure and authority, that if our inflation is going to stay in the 5 per cent range, the rate of inflation in the United States is 4.1 per cent and, in Japan, 1.8 per cent—and those countries are among our principal competitors and partners.

Senator Bosa: What about the rest of the list?

Senator Murray: The figure for West Germany is 3.1 per cent, and I regret to have to inform Senator Bosa that the latest figure for Italy is not very encouraging; it is 12.4 per cent. For those honourable senators who are interested in the figure for Sweden, it is 8 per cent. Even the United Kingdom has a lower inflation rate than ours. At last report it was 5.1 per cent.

If the economic forecasts in Mr. Lalonde's budget are unduly optimistic—as most people have said they were, and as the indications a month after the budget seem to say—then there will be slower economic growth than forecast, there will be higher unemployment than forecast, there will be lower federal government revenues than forecast, there will be higher federal government transfer payments than forecast, there will be a higher deficit than forecast, there will be even higher interest rates, and Canada will be in danger of entering into a new recession.

Such, honourable senators, is the legacy of five budgets and a couple of mini-budgets brought in by the Liberal government since its return to office in February 1980. Unemployment has gone from 7.5 per cent in 1980 to 11.9 per cent last year, to 11.3 per cent last month. The deficit last year was in the $30 billion range and this year $1 of every $3 in revenue will go toward servicing the debt.

It must be clear to honourable senators that what is needed is a restoration of economic leadership by the government, some discipline in the government, some consistency in policy, and a restoration of confidence on the part of the private sector. I have no hesitation in saying that it will take an election to achieve these things.

• (1500)

Senator Frith: Thank you, sunshine.

Senator Flynn: We had all forgotten about these things, even Senator Bosa.

Senator Bosa: I would like to put a question to Senator Murray. Has he forgotten that the United States stopped buying lumber, which is why the economy in British Columbia has suffered and the same thing has happened all over the world? It was not Mr MacEachen's budget that caused the recession.

Senator Murray: I would be interested to hear the honourable senator elaborate on his thesis that the depression of the house-building industry in the United States has caused the devastation that has taken place in our economy in the past four years since the Liberal government took office. At the same time, I would like him to address himself to the effect of the National Energy Program on investment confidence and

business confidence, and the lack of a coherent, consistent economic and fiscal policy on this country.

Senator Asselin: Again, he hit it right on the nose.

Senator Flynn: Don't you think that the government has enough trouble without your trying to help?

On motion of Senator Cottreau, debate adjourned.

VISITORS IN GALLERY

MEXICAN PARLIAMENTARY DELEGATION ACCOMPANIED BY AMBASSADOR OF MEXICO

The Hon. the Acting Speaker: Honourable senators, may I draw your attention to the presence in our gallery of a delegation of parliamentarians from Mexico. The leader of the delegation is Senator Celso Humberto Delgado Ramirez. Also in attendance is the Ambassador of Mexico to Canada, His Excellency Jose Andres de Oteyza.

Hon. Senators: Hear, hear.

[*Translation*]

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE— DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Robichaud, P.C.*)

Hon. Louis-J. Robichaud: Honourable senators, it is with deep humility that I take the floor before this august assembly, immediately after my colleague Senator Lowell Murray who has given us all kinds of figures. He has almost convinced me that the Government had been erring since Confederation.

Hon. Jacques Flynn (Leader of the Opposition): No!

Senator Robichaud: Almost, I said, but not quite. As usual, Senator Murray was well informed and his contribution to the debate is greatly appreciated. I am sure that when the Minister of Finance is made aware of the enlightening remarks of Senator Murray, the Government will adopt an entirely new monetary and tax policy.

In any case, I commend him for his contribution; under our democratic system, we must criticize often. We must criticize often, even the people and the institutions we love. Ever since the report was tabled on January 31 last, we have been urged to criticize the Senate and reform this institution. I obtained from the Library of Parliament part of the documents which have been piling up over the years about the reform of the Senate.

There are quite a few books on the subject. I did not count them—

Hon. Martial Asselin: Did you read them all?

[Senator Murray.]

Senator Robichaud: In direct answer to the question, I did not read them all.

Senator Flynn: That will be obvious in your speech.

Senator Robichaud: I read those which I thought made sense.

Senator Flynn: Hear, hear! If you did not read them all, how do you know?

Senator Robichaud: All one needs to do is read the table of contents intelligently.

Hon. Joseph-Philippe Guay: Hear, hear!

Senator Flynn: You have a friend there.

Senator Guay: I read the books which Senator Robichaud did not read.

[*English*]

Senator Robichaud: To be a reformist is absolutely nothing new to a Liberal. I have always claimed that I am a Liberal. I still am a Liberal and a reformist.

Senator Flynn: With a big "L".

Hon. Royce Frith (Deputy Leader of the Government): And a big "R", too.

Senator Robichaud: I am proud to be labelled a Liberal because it is in my nature to be a reformist, but only when reform is due or is needed.

Senator Asselin: So you support the conclusions of the report because you are a reformist?

Senator Robichaud: Perhaps Senator Asselin will be patient for a few minutes; actually, I do not know how long it will be because I did not have time to prepare a short speech.

Senator Flynn: What else is new?

Senator Guay: Ask Senator Murray how to do it.

Senator Robichaud: All of my colleagues within the sound of my voice and those who read *Hansard* or whatever is produced following this, will know that in New Brunswick I was the greatest reformer in the history of the province.

Senator Flynn: You are the first to tell us; we never heard that before.

Senator Robichaud: When we assumed office on July 12, 1960, I realized that reform was due. I realized that in certain counties people were being penalized because of geographic location, ethnic background and so on. If you did not belong to a certain society, you did not belong.

I was very instrumental in reforming the whole system of the administration of justice, the hospital insurance plan, the medicare plan—

Senator Asselin: What about the Senate?

Senator Robichaud: Will you wait a second or two? If you are trying to distract me, you will not be successful.

Senator Asselin: We are discussing Senate reform, not the policies of New Brunswick.

Senator Robichaud: If you do not want to listen to me, you know the way out.

I abolished the county councils, which had existed for many years. I abolished them because I was a reformist—and I still am, which is what I want to prove here. Being a reformist does not mean you have to reform everything that exists.

• (1510)

Senator Flynn: Especially not yourself!

Senator Robichaud: In my estimation, the Senate of Canada needs reform—but not the type of reform recommended in the report submitted to us by the Special Joint Committee on Senate Reform.

[*Translation*]

The first paragraph of the report reads as follows, and I am referring to the first two lines, plus three words:

[*English*]

> We have concluded that the Canadian Senate should be elected directly by the people of Canada.

[*Translation*]

The Senate has been in existence since Confederation, in 1867, with all its imperfections and all its qualities. Since 1867, people have been criticizing the Senate and the House of Commons. They have been criticizing all our institutions. Is anything better being proposed? Not much. Who are these people who are criticizing the Senate? Most of them are theorists.

[*English*]

They are people who have never been involved in politics; professors from certain universities—big shots. They speak from their ivory towers; they know everything about the operation of the Senate. They are the authors of some of the books I have in front of me. They are the very opposite of pragmatists; they do not know anything about practical politics. Yet, they are the ones who would like to abolish the Senate or have an elected one. Let me say this: An elected Senate would be non-operative in this country.

Those who have read the report will remember the part of it that says that it is essential the Senate be divorced from politics, or that political affiliations be forgotten. And they want an elected Senate? How can that be reconciled? It is impossible. If we are to have an elected Senate, then we will have political parties; if we are to have political parties, then we will have partisan politicians in the Senate—that is unavoidable. That is pragmatism. It is not a theory which has been invented by someone speaking from a pulpit at a university, such as Gordon Robertson.

Yesterday I read an article in a publication entitled *Policy Options*, which is a periodical published every so often. I consider Gordon Robertson a good personal friend of mine. He is a good man in some respects. However, as far as the Senate is concerned he is a nincompoop. He does not realize or understand the operation of the Senate.

Senator Flynn: He has not been close enough to government, that is why.

Senator Robichaud: He has been close to government and he wants an elected Senate. I wonder why he never ran for office at any time.

Senator Flynn: It was much safer for him to be where he was.

Senator Robichaud: Yes. I have taken a great many notes of what the people have said on this subject. On the first page of the report, it is stated:

> Some highly respected people in public life and in the academic community prefer a reformed system of appointment to election. Among this group is one member of our Committee.

I think I know who that member of the committee is. However, when you come to talk to individual members of the committee you will find that they are opposed to an elected Senate. I, too, am opposed to an elected Senate. I can say with all the candour at my command that, if the time comes when we must have an elected Senate, then I will run for office and I will be elected. I am not afraid of that. I could be elected in my province. However, because I can be elected does not necessarily mean that I will be a good legislator. There are a great many people here who are extremely good administrators. I am looking at one right now: Senator Sinclair. He never offered to run for public office and yet he is considered to be one of the brilliant minds in the Canadian business world.

Hon. Senators: Hear, hear.

Senator Robichaud: He was not elected to the Senate, he was appointed. He is not the only one. I could name those appointed on the other side, right from the back bench to the front bench, and also from the back bench to the front bench on this side. All these people were appointed to the Senate; they were not elected. That does not mean that they cannot perform their duties. In looking over a list of Senate appointments, I found that they were not always made according to political affiliation. For instance, Prime Minister Pierre Elliott Trudeau, who has just given notice of his resignation, appointed the former Conservative Premier of Nova Scotia, Ike Smith, as a senator in 1975.

Hon. Senators: Hear, hear.

Senator Robichaud: In 1975 the Prime Minister appointed our friend from Cape Breton, Senator Muir, to the Senate. He served as a Conservative member of Parliament from Cape Breton. In 1978 he appointed Senator Marshall from Newfoundland, also a past Conservative member of Parliament. He is a good senator, too. In 1972 he had the audacity to appoint Senator Martial Asselin—a senator who devotes a lot of his time to the Senate. In 1955 Prime Minister St. Laurent appointed an independent senator by the name of Hartland Molson. In 1970, Prime Minister Pierre Elliott Trudeau appointed to the Senate a former Social Credit premier of Alberta, Senator Manning. He, too, was a good senator. I could go on—

● (1520)

Hon. Fernand-E. Leblanc: You forgot that Senator Roblin was also appointed by Prime Minister Pierre Trudeau.

Senator Robichaud: I am sorry, honourable senators. His name was also on my list. Yes, in 1978, Senator Duff Roblin, a former premier of Manitoba, was appointed to the Senate by Prime Minister Pierre Elliott Trudeau.

Senator Flynn: You should beg forgiveness for the bad appointments.

Senator Leblanc: That was a very good appointment.

[*Translation*]

The Prime Minister must be praised for his open-mindedness—

Senator Flynn: You can say that again!

Senator Robichaud: —and his willingness, on the advice of his executive council, to appoint people who can effectively carry out the duties of a member of the Senate, and who are not constantly giggling for no reason at all.

Senator Flynn: If I always laugh when Senator Robichaud is speaking, it is because I always find what he says to be so funny!

Senator Robichaud: Personally, if I do not always laugh when Senator Flynn is speaking, it is because I do not always find what he says to be funny!

Senator Flynn: I am always serious.

[*English*]

Senator Robichaud: At this point, I would like to quote from the report—

Senator Frith: What page?

Senator Robichaud: Page 3:

> We recognize that, in the absence of proportional representation for an elected Senate, the political parties will have to work hard to achieve balanced representation from across the country in the Commons and the Senate. This is as it should be. In striving to do this, they will have to adapt their policies accordingly, and this can only benefit national politics.

I tried to convince myself that I understood what that meant, but I was not successful.

Senator Frith: And you are pretty eloquent.

Senator Robichaud: In any event, my notation on that was, "ridiculous". Of course we have to strive to achieve national policies that will be to the benefit of all the people of Canada. That is motherhood. We all know that. However, although I do not know what that paragraph means, I do not intend to question any of the members of the committee with respect to it.

Again on page 3 my note was, "essential element missing" and perhaps I should quote the whole paragraph:

> We also propose that every effort be made to ensure that senators have a significant degree of independence of party.

[Senator Robichaud.]

In this instance, I will imitate Mr. Reagan, the President of the United States, and I will say, "Well . . .".

> Only then will they be able to speak in favour of local and regional interests without having to be concerned primarily, as members of Parliament must be, with adhering to party policy.

If we have an elected Senate, presumably the senators will belong to political parties. How, then, will it be possible for us to come here and sit ten months of the year and, for those ten months, become non-political? My notation on that one was, "ridiculous".

However, let me continue:

> A healthy measure of independence is therefore essential . . .

and I underlined the word "essential".

> . . . if the Senate is to fill its role of regional representation. This does not mean that senators would lose sight of the needs of the country as a whole.

Of course senators would not lose sight of the needs of the country as a whole. In that paragraph, I noted the word "essential". In other words, the report is saying that it is essential for senators to be completely divorced from politics within the boundaries of these four walls. How can we achieve that goal if we have an elected Senate? To me, it is simply an incredible suggestion.

[*Translation*]

I have listened to many speeches, all of an academic value, on the issue under consideration. More specifically, I have read and re-read Senator Le Moyne's speech which was very well put together and showed good common sense. I have also listened to my friend, Senator Denis, who made a very good speech about the reform or non-reform of the Senate two weeks ago, I believe.

Why do people still want to reform the Senate when we have institutions, such as our universities—not necessarily all the good ones—our colleges, our community colleges, our judicial system, our Parliament, our House of Commons and our Senate, as well as our churches which have different philosophies and are not perfect? But how can you expect perfection? Nothing is perfect. Nothing was perfect in our own homes, nothing can be perfect in the Senate, and nothing will ever be perfect especially if we insist on having an elected Senate.

I have gone to the trouble of looking at the list of committee chairmen. This is where we do our work, and if the media would only look into this, they would be able to tell the public that a tremendous amount of work is done in the Senate. The committee report says so somewhere, and I would like to quote from it:

[*English*]

> In recent years the Senate has investigated a number of important public issues, including poverty, the mass media, unemployment, inflation, aging, land use, science policy, national defence, relations with the United States and the proposed national security agency.

[*Translation*]

This is some of the useful work accomplished by the Senate, but, as usual, the Senate is humble, and in its humility it has forgotten to publicize its work as it should have done. Indeed, the report says that national policies have been changed because of the Senate.

The Senate is said to cost the Canadian taxpayers a huge amount of money, but it is peanuts compared with the services it can provide. People want an elected Senate, but this would cost considerably more. It is ridiculous.

I have taken down the names of all committee chairmen, from the Committee on Agriculture, Forestry and Fisheries to the Committee on Transport and Communications. I have looked at the qualifications of all these committee chairmen and noted that the great majority were never elected, but they all are excellent committee chairmen who are playing a major role through their committee; all are a credit to the Senate.

I would also like to speak about regional and ethnic representation. Somewhere in the committee report, it is said that an elected Senate will solve problems—

• (1530)

[*English*]

problems that have plagued us for the last decade.

Oh, my God! The problems in this country did not start ten years ago; the problems started when the country was created. Such problems exist in all countries. We are fortunate to have been born in Canada, and we are fortunate that this country was not created as a result of a revolution, as was France, the United States, Russia, Mexico, Italy and other countries. The majority of countries in the world were created as a result of a revolution.

The report states that the package of recommendations will eradicate certain problems that have plagued this country for a decade. Those problems have not existed for just a decade; they have existed, as I said earlier, since the country was created. We will continue to have problems. We may continue to have linguistic problems in provinces such as Manitoba and Quebec.

An Hon. Senator: I hope not.

Senator Robichaud: We hope we will not, but we will have to fight to see that we do not. That is why we exist as a Senate. We have a duty to represent the regions of the country. I, as a senator, abhor what is happening currently in Manitoba.

[*Translation*]

I cannot praise the Province of Quebec for its attitude towards the official languages of Canada. I wish we could speak openly and freely, without anyone suggesting anything with a text, and speak with an open heart.

I conclude, although I would have much more to say, but I will do so on another occasion. I recall that when I was a student I read a biography of Sir Wilfrid Laurier, one of Canada's outstanding men among so many others. He had studied all the deficiencies of our institutions—the Senate, the House of Commons and the judicial system. If I remember correctly, I think he was in London when he said: "I love France which gave me life, I love England which gave me freedom, but above all I love Canada, my native country".

On motion of Senator Flynn, debated adjourned.

[*English*]

HEALTH SERVICES

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-3

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Langlois:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of the Bill C-3, intituled: "An Act relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto;

That the Committee have power to adjourn from place to place within Canada; and

That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Macdonald*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order was stood earlier this day, and, as I mentioned earlier, I had discussions with Senator Flynn and now have had an opportunity to discuss this matter with Senator Bonnell.

One of the concerns raised by Senators Macdonald, Flynn and Roblin has been cleared up, and the other concern related to the issue of the committee now having the power to adjourn from place to place within Canada, without having any immediate travel plans. I now understand that Senator Bonnell is prepared to withdraw that part of the motion. If Senator Bonnell will confirm that I am right, the motion can then be put in its amended form.

Hon. M. Lorne Bonnell: Honourable senators, this issue arose because the members of the committee desired to meet with some of the provincial premiers. We just wanted that authority in the event we had to use it. I am not sure of this, but I believe that the premiers do not wish us to travel to the provincial capitals; or, at least, we have not received any requests to do so.

Therefore, honourable senators, I move that the motion be amended by deleting the second paragraph thereof. If it turns out that the premiers do want to discuss this with us, we can always ask the Senate for permission to travel to the provincial capitals.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we are prepared to agree to this amended motion because I was informed at noon today that the minister, Madame Bégin, is to table in a committee of the other place today some amendments to the legislation which, apparently, meet the objections made by some of the provincial governments—more specifically, the objections raised by Mr. Johnson of Quebec. We will be able to study those amendments when we receive them and will then be able to deal with the subject-matter in a proper fashion.

I would have hesitated to allow the motion to be passed had we not known the amendments the minister wished to move, because we would not have known what kind of bill we would have been dealing with, but, in the circumstances, we support this motion.

Motion, as amended, agreed to.

● (1540)

NOTICE OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in anticipation that this motion would carry, the committee had made tentative plans to have the minister appear before it tomorrow at 3.30 p.m. I understand that that plan is now confirmed.

BORROWING AUTHORITY

STANDING SENATE COMMITTEE ON NATIONAL FINANCE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-21

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of Thursday, March 15, 1984, moved:

> That the Standing Senate Committee on National Finance be authorized to examine the subject matter of Bill C-21, intituled: "An Act to provide borrowing authority", in advance of the said bill coming before the Senate, or any matter relating thereto; and
>
> That the committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

He said: Honourable senators, leave was sought to move this motion last Thursday. The Senate decided to leave the matter for consideration until today and, therefore, it was treated as a notice of motion. I now ask for support of the motion.

Motion agreed to.

The Senate adjourned until Thursday, March 22, 1984, at 2 p.m.

THE SENATE

Thursday, March 22, 1984

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

Prayers.

GREECE

ONE HUNDRED AND SIXTY-THIRD ANNIVERSARY OF COMMENCEMENT OF WAR OF INDEPENDENCE

[*Translation*]

Hon. Philippe Deane Gigantès: Honourable senators, Sunday, March 25, is the National Holiday of Greece. That day will be the 163rd anniversary of the commencement of the War of Independence of the Greek people.

I will not talk to you about the glories or the sacrifices of Greece, for you have read about them in history books.

[*English*]

Instead, I would like to tell you that, each year at about this time, when winter is still lingering here in Canada and the blossoms are blooming in Greece by its turquoise sea, I ask myself: Why am I here and not there?

[*Translation*]

Why am I here and not there, by the sea, enjoying the warmth of Apollo's chariot?

[*English*]

Why I am not there, with the sun in my face and with a pitcher of wine by my side? I have 25 million answers to that question. I am here because of the 25 million wonderful men and women who compose this country, and especially the women. By that I am not trying to suggest that I am a Lothario, but I do appreciate them; they are marvellous. This has been a very generous land.

[*Translation*]

Indeed, this marvelous country which is Canada has been very generous towards its new citizens. We have been welcomed with warmth and accepted wholeheartedly.

[*English*]

Canada has made it possible for us to remember our origins with pride and affection, but also to feel unquestioned love and loyalty for Canada. I thank you all for that. In the past 16 years, Canada has also given us, the Greeks who live here, a man to cherish: Pierre Elliott Trudeau. Those of you who may think it eccentric of me to be a Liberal will approve of my loyalty, I am sure, for you yourselves are loyal.

[*Translation*]

Undoubtedly you have heard Greek people shouting "Trudeau, Trudeau, Trudeau". We see in him one of the outstanding figures of Greek history.

[*English*]

We see in him parallels with Pericles, the leader of the Athenian Golden Age. The fifth century B.C. Pericles, too, had a penchant for hats; he, too, liked squiring beautiful entertainers of the opposite sex. His Aspasia was the Barbra Streisand of the fifth century B.C. Pericles gave public contracts to an architect friend of his named Phidias, the Erickson of his day. The Acropolis was the result.

Like Mr. Trudeau, Pericles was a constitutionalist who amended the constitution and entrenched the rights of citizens. Pericles, too, was criticized for spending on public projects; for philosophizing in public; for being intellectually aloof; for telling people what they ought to hear rather than what would please them.

Pericles was elected ruler for 16 years, save for a brief nine-month period. He was a great democrat, a great servant of the people. History has never forgotten him. Pitt the Elder insisted that his son, William Pitt the Younger, who defeated Napolean, read, in Greek, at Eton of Pericles' deeds. Pericles' record, said Pitt the Elder, was the manual of statesmen. That is what we Greek Canadians feel about the record of Pierre Elliott Trudeau.

Hon. Jacques Flynn (Leader of the Opposition): Please try to be relevant.

Senator Gigantès: We Greeks who did not have the privilege of being Canadian by birth, but have the pride of being Canadian by choice, have felt at home here. You have made us feel at home. Vous nous avez ouvert les bras. You made us all feel that nothing could be more appropriate than to celebrate Greece's feast of freedom in this marvellous land of freedom, and we love you. Je vous aime.

BYELORUSSIA

SIXTY-SIXTH ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Hon. Paul Yuzyk: Honourable senators, for several years we have been paying tribute in the Senate chamber to national groups in Canada on the occasion of their national holiday. It has now become customary to mark such occasions for the Irish, Scots, Ukrainians, Estonians, Latvians, Lithuanians, Italians, Poles, and sometimes others. Today we paid tribute to the Greeks. This symbolic feature helps to characterize the Senate as a defender of the rights of minorities, together with the rights of majorities.

Today I am drawing the attention of honourable senators to one of the small ethno-cultural groups, namely, the Byelorussian Canadians, the bulk of whom came to this country after

World War II. The Byelorussians are of Slavic origin, with a distinctive culture and language which has some similarities to their neighbours, the Russians, Ukrainians and Poles. Today their country is a Soviet republic, with representation in the United Nations.

However, the aspirations of the Byelorussians in their homeland were directed to freedom and independence. During the interval, when the Tsarist Russian empire crumbled and the Russian communists, led by Lenin, gained control of the government in Petrograd and Moscow in 1917-18, most of the non-Russian peoples proclaimed their independence and established their own republics. The Ukrainians were the first, on January 22, 1918, and they were immediately followed by the Estonians, Lithuanians and others. The Byelorussians proclaimed their freedom and independence on March 25, 1918, establishing the Byelorussian National Republic. There was great rejoicing throughout the country at that time.

Their freedom and independence, however, were short lived, unlike the Baltic nations which received recognition from the Western powers and maintained their democratic states until 1941, when they too were overrun by Soviet forces. The superior Russian communist forces, because of the proximity, crushed the independent, democratic Byelorussian Republic in 1919 and incorporated it into the Soviet system, as was done with Ukraine in 1920. Patriotic Byelorussians were massacred, hundreds of thousands were sent to forced labour camps in Russia and Siberia, and few were able to escape to freedom.

During the Second World War, Byelorussia suffered tremendously from the ravages of war and the Nazi and Russian armies. There was large-scale destruction of life and property. Some Byelorussians succeeded in fleeing to freedom. Several thousand found their way to Canada, where they have proven to be constructive citizens, participating fully in all aspects of Canadian life.

These free Byelorussians continue to celebrate their independence day every March 25, which this year falls on Sunday next. This will be the sixty-sixth anniversary. I am sure that all honourable senators will heartily join with me in conveying to them our congratulations and best wishes for success in their new life in Canada and the fulfilment of their greatest aspiration, namely, the freedom of their motherland.

Hon. Senators: Hear, hear.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SCHEDULE OF AUTHORIZED SALARY REVISIONS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a schedule of authorized salary revisions for certain Senate positions, effective April 1, 1984, as approved by the committee at its meeting on Thursday, March 8, 1984.

[Senator Yuzyk.]

• (1410)

THE ESTIMATES 1983-84

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) PRESENTED AND PRINTED AS APPENDIX

Hon. C. William Doody: Honourable senators, I have the honour of presenting the second report of the Standing Senate Committee on National Finance being the report on supplementary estimates (C) for the fiscal year ending March 31, 1984. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see appendix p. 353.)

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

Senator Doody: Honourable senators, I move that this report be taken into consideration on Tuesday, March 27, 1984.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWELFTH TO SIXTEENTH REPORTS OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's twelfth to sixteenth reports approving budgets of the following committees:

Banking, Trade and Commerce;

Social Affairs, Science and Technology;

Agriculture, Fisheries and Forestry;

Energy and Natural Resources; and

Transport and Communications.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45 (1) (g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, March 27, 1984, at eight o'clock in the evening.

Honourable senators, I will explain if leave is granted.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the last time we dealt with this motion the question arose as to whether our experimental schedule, of sitting on Tuesday afternoons and not sitting on Wednesday afternoons in order to give more time for committees, was working. We have been following it for several months.

When the question arose I promised that the schedule would be reviewed at a meeting of committee chairmen. That meeting took place today. The committee chairmen feel that they can work as effectively, if not more effectively, with the former schedule. In accordance with their feelings, I promised I would ask the Senate to consider a return to the old system. I believe this is in accord with the feelings of other senators who have spoken to me expressing the view that they did not see any substantial advantage to the practice of sitting on Tuesday afternoon as opposed to Tuesday evening.

Obviously, the next question was whether or not we should give a week's notice to honourable senators before implementing the system, particularly for the sake of senators' travel arrangements and for the purpose of committee meetings which might be scheduled for next week based on the present system.

With respect to the first point, it was felt that since the proposed change would be less burdensome as far as travel plans are concerned, changing the sitting from Tuesday afternoon to Tuesday evening would not be seriously inconvenient. With respect to the second point, the only committee meetings which would be affected are two meetings scheduled for, I believe, 1.30 and 2 o'clock, respectively, on Wednesday next. Therefore, it was felt that we should implement the system and allow those committees the benefit of the new system, which is, in fact, a return to the old system. It was felt that we should allow those committees to meet as planned, and that we would adjourn on Tuesday evening to Wednesday at 4 p.m. in order to allow an adjustment for that week. After that, we would complete this particular segment of the session on the basis of committee meetings being held at any time on Tuesday mornings or Tuesday afternoons; the Senate sitting on Tuesday evenings; leaving Wednesday mornings free for caucus meetings, as usual; and sitting on Wednesday afternoons at 2 o'clock, with the unwritten understanding that committees could begin meeting at 3 o'clock or 3.30. We would leave time available for committee meetings by not sitting past 3 o'clock or 3.30. We would then sit again on Thursdays at 2 p.m.

Honourable senators, that brings me to a more specific notice with respect to next week's business. We expect that the appropriation bill, which will be affected by the National Finance Committee report on supplementary estimates (C), will be passed today in the other place. However, it will not be passed until 5.45 or 6 o'clock. By that time we will have adjourned and it will not be possible for us to receive the message until next week. The intention at this time is to sit on Tuesday evening next, as I have said, and our business at that time would be to hear from Senator Doody with respect to the report of the National Finance Committee on supplementary estimates (C). I shall introduce the appropriation bill that evening and it will be debated. I hope we will be able to move to the second reading stage that same evening. Normally, such a bill is not referred to the committee because it has been pre-studied by reason of the supplementary estimates.

The Department of Finance has asked me if the bill could be given Royal Assent by Wednesday, March 28. As yet, I have not received an explanation with respect to why it is important, from the department's point of view, to have Royal Assent by March 28. The reason remains esoteric to me, at least, and it apparently relates to accounts on cheques which the department can write, or something of that nature. In any event, I will ask the Senate to try to move to Royal Assent by Wednesday evening. If that is not possible, we will have to try to have Royal Assent on Thursday. At any rate, some time during the next week Royal Assent ought to be given to the appropriation bill. We may receive other business next week as well—for example, the borrowing authority. If so, we will have to deal with that.

• (1420)

In summary, honourable senators, next week we will go back to the former system. The Senate will sit on Tuesday evening at 8 o'clock; on Wednesday afternoon at 4 o'clock—just for next week, and on Thursday afternoon at 2 o'clock.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I might add that what Senator Frith has said is the result of a meeting that took place this morning, and that it meets with the approval of those of us on this side who were present.

I am not sure whether Senator Frith mentioned that, with respect to the Wednesday afternoon sittings of the Senate, in future we will allow, by order of the house or whatever other method, any committee to sit from 3 o'clock or 3.30 on.

Senator Frith: Yes, I did mention that.

Senator Flynn: That is fine. That is the only point I wanted to emphasize.

It is felt on this side of the chamber that there is no reason why the Senate ought not to sit on Wednesday afternoons, as it used to. With regard to committees, I think it will be easier for the committee chairmen to accommodate themselves in the time that will be available on Tuesdays, Wednesday afternoons and Thursdays.

Hon. Paul C. Lafond: Honourable senators, while I agree, generally, with the comments that have been made, there has been what appears to be a last-minute shift which places the sitting of the Senate next Wednesday at 4 o'clock rather than at 2 o'clock in the afternoon. My committee is scheduled to meet at 4 o'clock next Wednesday afternoon with some witnesses from out of town. Where do we stand?

Senator Flynn: We will give that committee permission to sit.

Senator Frith: Honourable senators, later today we can revert to Notices of Motions, at which time I shall have

prepared a motion permitting that committee to sit at 4 o'clock next Wednesday afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

FINANCE

INCREASE IN BANK RATE

Hon. Lowell Murray: Honourable senators, as we did last week and as we have done on many previous Thursday afternoons, we have some questions for the Leader of the Government concerning the increase in the bank rate and concerning interest rates in this country.

It was announced a few moments ago that the bank rate will be increased another 20 basis points from 10.56 per cent, where it was this time last week, to 10.76 per cent. May I ask the Leader of the Government in the Senate whether, this week, he has come armed with some formal, prepared statement on the part of the government as to how it views this situation? In particular, is the government standing by the assumption that Mr. Lalonde himself described as "crucial" to his economic forecast and to his policy stance, namely, the assumption that interest rates would continue to decline?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am sure that Senator Murray realizes that there are changes taking place from time to time in the financial world, in the economy, each being related to the other. I am sure that he will understand clearly that, when an upturn or increase in economic activity takes place, there is some pressure put on interest rates, particularly in the United States. That was acknowledged over the last few days by the Minister of Finance. He also acknowledged that, if we are to follow the policy that has been stated a number of times, that will have a great influence on interest rates in Canada.

Senator Murray: Honourable senators, this has very worrisome signs for the Canadian economy as well as for the fiscal position of the government. The Leader of the Government is surely aware that, as a result of last week's increase in the bank rate, three of the chartered banks, including one of the big five, increased their prime interest rates, and that all five major chartered banks increased their mortgage rates this week.

Is the government not concerned about the impact of rising interest rates as they affect the housing industry and as they affect the Canadian economy in general?

Senator Olson: Yes, the government is extremely concerned. I think that a number of statements made by the ministers responsible, particularly those made by the Minister of Finance, relate the interest rate generally to economic activity, and particularly the upturn in the economy. There is no question that the government is concerned about that.

The government has also stated that we must face the real world, and the real world is that, if we try to insulate ourselves from the international financial scheme, there are significant ramifications that flow from that. We take a reasonable and balanced attitude toward our participation in the freedom of finance to move in and out of Canada.

Senator Murray: What calculation is the government making as to the effect of these increases in interest rates on its own fiscal position? I ask that because that has very serious implications for the fiscal position of the government, both directly and indirectly. Interest rates continue to rise, contrary to the assumption the Minister of Finance made in his budget and, therefore, the cost of servicing the national debt will become higher than he forecast. Indirectly, increasing interest rates stifle investment in economic growth, as the Leader of the Government is aware, and that results in a decrease in revenues to the government and an increase in transfer payments for unemployment insurance, and that sort of thing. That results in an increase in the deficit.

The Leader of the Government is aware that business capital investment is one area where it is extremely important that there be some buoyancy at this stage if the incipient recovery is to proceed at all. Rising interest rates will have a deleterious effect on business capital investment.

In view of these worrisome signs, and in view of the forecasts about declining business capital investment, from the government's own Department of Regional Industrial Expansion, from the most recent report of Statistics Canada, and from the Conference Board of Canada, all of which say that business capital investment in Canada will decline, is the government giving any consideration to measures that might have the effect of reversing this trend and providing a real impetus to business capital investment in Canada?

In particular, is the government giving any consideration to restoring capital cost allowances to the levels they were at prior to the infamous MacEachen budget of November 1981? Has the Minister of Finance had an opportunity to consider the representations made by the Canadian Manufacturers' Association two months ago calling for just such an initiative on the part of the government?

Senator Olson: Honourable senators, what Senator Murray is now doing, of course, is pointing out how complex the situation is in terms of all the factors that go into interest rates and the ramifications for economic activity which flow from those. We do not disagree on that.

I expect he also realizes that one of the suggestions he has made now, about taking action on a single item, such as an increase in depreciation of capital cost also has a direct effect—and could have a significant effect—on the revenues we have just been talking about. That, too, is a complicating factor in this matter.

The government continues to have a responsible and balanced approach to its attempts to keep the level of financial

and economic activity in Canada as high as possible, and all these competitive factors, including the cost of financing, are part of it. I do not think we should get into a discussion now over which action is most appropriate for dealing with the situation. All the complexities and factors involved have to be taken into account. I think the Minister of Finance, the Governor of the Bank of Canada and others involved are giving these matters consideration.

• (1430)

Senator Murray: As a result of a survey by the Canadian Manufacturers' Association of its members, they estimate that the manufacturing sector alone will forgo over $1.8 billion in investment because of what the association calls—and, I believe, accurately—the regressive changes in capital cost allowances. That is, $1.8 billion in the period 1982 to 1985.

I have one final question on this other matter of increasing interest rates. It arises from comments attributed to the Governor of the Bank of Canada this morning at what, I presume, was a press "scrum" after he had testified before the Standing Committee on Finance, Trade and Economic Affairs of the other place. The Governor of the Bank of Canada is quoted as saying that one of the chief reasons for increasing interest rates in this country is that Canadian workers are obtaining higher wage increases than workers in the United States.

I would like to ask the Leader of the Government to obtain from his colleague, the Minister of Finance, a statement as to whether the government agrees with that assertion by the Governor of the Bank of Canada. At the same time, I would ask the minister to place on record the comparative statistics on increases in real incomes in the United States and in Canada. My impression is that the real incomes of Canadian working men and women dropped in 1982 and 1983, whereas they increased in the United States in 1983. I think it extremely important that we receive a clarification from the Minister of Finance—who continues to say that he fully supports the Governor of the Bank of Canada—on whether he supports that rather extraordinary assertion on the part of Mr. Bouey.

Senator Olson: Honourable senators, I can give the undertaking that I will attempt to obtain such a declaration. Of course, I shall have to obtain a copy of the governor's statements, along with his explanation of what he said and why he said it. One of the obvious things we must consider in all that comes out of this is that over the last decade or so there have been different time-frames when certain economic activities have been rising or falling on this side of the border and south of the border. On that basis, Senator Murray's comparison is not valid.

Hon. Duff Roblin (Deputy Leader of the Opposition): When my honourable friend is asking his colleague to answer the last question, I wonder if he would put another one to him. It seems to me that the essential debate here is between those who believe that the Canadian dollar should be maintained at its present valuation, or something close to it, and those who believe that maintaining such a standard is not necessary and that, therefore, we could have a more flexible policy on interest rates.

The argument put forward is that if you do not maintain the value of the Canadian dollar, it will result in an increase in inflationary pressures in the country because of what it does to the cost of imported materials, et cetera. The argument on the other hand is that the increase in the rate of interest perhaps will also increase inflation, because of its working through the economy, and will cut off economic growth. There is a trade-off here between the two.

I am quite certain that the Bank of Canada had a study which indicated the figures it has assembled with respect to this trade-off and which is the best course to follow. I would not be surprised if the Department of Finance had exactly the same kind of study in its possession.

Would the minister, through his colleague, inquire of the Governor of the Bank of Canada whether they will give us these studies which indicate the values of the trade-off between the Canadian dollar and the interest rate with respect to its overall effect on the Canadian economy?

Senator Olson: Honourable senators, I will make some inquiries to find out what kind of "studies" have been made, as that word relates to the question. I say that because some comments may have been put together among the senior officers of the Bank of Canada, who are charged with this, or of the Department of Finance. Those, in many cases, are communications between themselves. If some studies have been made outside of that and are, indeed, more than an assessment of the situation by the various officers and can be made public, that is a different matter, and I will make that inquiry.

Senator Roblin: I hope my friend is not limiting the scope of his inquiry too much. We understand that the Minister of Finance is ultimately responsible for what the Governor of the Bank of Canada does.

We are dealing here with probably the most critical economic determination in the policy position of the government at the present time: the conflict between interest rates and the price of the Canadian dollar.

In order to examine the policy of the government and to understand the reasons why they are doing what they are doing and, hopefully, to approve of what they are doing, we have to have the facts as to their scenario respecting the trade-off between the Canadian dollar and interest rates. I think we are entitled to get that information without qualification.

Senator Olson: Honourable senators, if it is a matter of fact and not a matter of opinion, perhaps that is correct, but I want to make it clear to Senator Roblin that there could be matters of opinion of the various people responsible for giving advice to the Minister of Finance and to the government. I was not giving an undertaking that I would attempt to give those matters of opinion. If he is talking of matters of fact, that is something different.

Senator Roblin: I am asking my honourable friend to justify what is going on now. I am asking him to justify the support of the government to the Governor of the Bank of Canada whose

policy is to hold the Canadian dollar relatively steady, as opposed to some other policy that might be followed. I want him to justify that policy and to give us the assumptions on which it is based.

Senator Olson: I can do that, but I want it to be clear—and I suppose it is already—that, if there is confidential advice in communiqués passed between the various officers who are responsible for that, I am not giving him an undertaking to try to obtain the opinions and recommendations expressed in those documents.

Senator Roblin: I do not want that; I want the justification and the rationale. I want my honourable friend's assurance he will give us that.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

PROPOSED GOVERNMENT ASSISTANCE

Hon. Stanley Haidasz: Honourable senators, in view of the federal government's commitment to saving the aircraft industry, I would ask the minister of state responsible for the Canada Development Investment Corporation, who very recently so generously shifted the $1.3 billion debt of Canadair to the taxpayers, whether he will exercise the same generosity or, at least, the minimum of fairness and equity by relieving The de Havilland Aircraft of Canada, Limited of its burdensome debt of $272 million.

Hon. Duff Roblin (Deputy Leader of the Opposition): My God, not more!

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, with respect to the first part of Senator Haidasz' question, let me say that the obligations in Canadair were always obligations of the Government of Canada. Nothing has been shifted to the government that it previously did not have. However, my proposal to Parliament is that the obligations, namely, $1.350 billion, be lifted from Canadair. In that case, of course, the Government of Canada continues as the primary debtor of that sum.

• (1440)

With respect to the matter of de Havilland, the financing for de Havilland, beyond that which is contained in the supplementary estimates, will be reviewed by cabinet shortly, and thereafter I expect I shall be in a position to discuss the de Havilland situation on a longer term basis.

Senator Haidasz: I have a supplementary question. Would the minister give the Senate some assurance this afternoon of the effectiveness of his monitoring of the financial performance and the performance commitments of these companies?

Senator Austin: Senator Haidasz, that is a rather broad, sweeping question. I would be happier if you would ask me something more specific. However, I have provided Parliament with detailed appraisals of Canadair, which are in the form of documents, including a report given to the House of Commons Finance, Trade and Economic Affairs Committee within the last week. If you have not yet received a copy of that material, I shall be glad to direct it to you.

With respect to de Havilland, I have said that we are preparing the material in detail, and sometime during the month of April I shall be releasing the annual report of CDIC, together with annual reports of its subsidiary corporations, both on a consolidated and on a separate basis. That information with respect to de Havilland in particular, therefore, will be available at that time and, I might add, for the first time. In the meantime, the analytical work on the marketing of de Havilland products and on the costs of its operation is being completed.

Hon. Duff Roblin (Deputy Leader of the Opposition): I would like to ask a supplementary question with respect to the amount of the write-off, which I believe is $1.350 billion with respect to Canadair. I want to ask the minister how he proposes to deal with that. The supplementary estimates that we looked at the other day provide a sum of $340 million of fresh money for Canadair and, at that time, a statement was made with respect to what was intended to be done about the sunk costs of $1.350 billion. If there ever was a telling expression, it has to be the expression "sunk costs" in connection with this enterprise. I would like the minister to tell us how he proposes to deal with Parliament in connection with this transfer of debt from that corporation to the broad backs of the taxpayers.

Senator Austin: The sum provided to Canadair in the supplementary estimates was $310 million. The answer to the balance of Senator Roblin's question is that the Minister of Finance is the minister responsible for dealing with that particular debt, and his decisions with respect to its settlement have not been communicated to me.

Senator Roblin: Would it be true to say that he is fudging the issue? Would it be true to say that he now proposes to transfer the debt from the new Canadair to the old shell; that it will remain in the old shell until the election is safely over and whoever wins that election will then have the responsibility of deciding what to do with it? Is that an accurate description of the state of affairs?

Senator Austin: Honourable senators, I would deny that the Minister of Finance is in any way creating fudge, conceptually or physically, with respect to Canadair. In fact, there has been more clarity with respect to the management of Canadair's financial affairs since CDIC took charge than there has probably been in the management of any other crown corporation or private corporation. I believe the disclosures with respect to Candair have been far beyond the disclosure requirements of the Ontario Securities Commission.

The Minister of Finance is considering the question of the Canadair debt and the way in which it will be discharged by the Government of Canada. He will deal with it in due course and probably, as I said in the Senate National Finance Committee, as the various debt amounts come due.

This is one aspect of fascination in Senator Roblin's question. It seems to me that it certainly shows the skill with which

he may have administered the affairs of the province of Manitoba, and perhaps we have something more to learn in that regard from him.

Senator Roblin: I would be very surprised indeed if the minister had anything to learn from me.

HON. HAZEN ARGUE, P.C.

POSSIBLE CANDIDACY FOR LEADERSHIP OF LIBERAL PARTY OF CANADA

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. We have all been intrigued in recent days by the speculation emanating from the minister's political associates, if not from himself, that he will be seeking the national leadership of the Liberal Party.

In view of the fact that most of the honourable senators on the Liberal side are already scrambling with unseemly haste to climb aboard one or other of the bandwagons, is it not the view of the minister that the critical path that his strategists have no doubt devised for his run for the leadership ought to be foreshortened, and, in order to have some chance of obtaining the support of the one or two uncommitted senators that are left, perhaps he should share with us now his decision on this matter and, as the Deputy Leader of the Opposition has suggested, try at least for some moral support from this side of the house. Perhaps the minister would share with us now his thinking on this subject.

Hon. Royce Frith (Deputy Leader of the Government): Or "immoral" support.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, that was a very interesting comment from Senator Murray, since he has had such a long, successful and distinguished career, in many aspects, within his own party. I am sure that any advice he might give me, or anyone else, would be worthy of consideration.

FOREIGN AFFAIRS

DROUGHT IN THIRD WORLD COUNTRIES—ATTITUDE OF GOVERNMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to Senator Asselin's question of March 13, 1984, concerning Canadian humanitarian assistance to the drought victims in Africa. This is a rather long answer and, if it is agreeable to members of the opposition, perhaps it could be taken as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): I am sure that the honourable senators on this side of the house would be agreeable to that, but perhaps the Leader of the Government would care to mention if this aid is in cash or in food contributions.

Senator Olson: I can say that the funds will be used primarily for food aid, but in some cases it will also help to provide such things as clean drinking water and some basic medical care that is required. These amounts, therefore, will not be devoted entirely to food. However, I do not have an answer with respect to the split between supplies and other costs, such as transportation, that are also included.

(*The answer follows:*)

On March 8, the Secretary of State for External Affairs announced that Canada will contribute an additional $4,490,000 in humanitarian assistance for victims of what might well become the most serious famine in African history. The funds will be used primarily for food aid, but will also help to provide clean drinking water and basic health care.

This emergency assistance will be made available through the International Humanitarian Assistance Programme of the Canadian International Development Agency (CIDA) and will be administered by the League of Red Cross Societies ($3 million) and three non-governmental organizations: the Canadian Catholic Organization for Development and Peace ($925,000), the Canadian Council of Churches ($455,000) and the Lutheran World Federation ($110,000).

In recent months the food supply in many African countries has seriously deteriorated. A special action group set up jointly by the Food and Agricultural Organization of the United Nations and the World Food Programme said last summer that an imminent crisis could produce grave economic distress and severe food shortages, affecting 150 million people in 22 African countries. Since the alert was issued, the crisis has deepened. The number of affected countries has risen to 24. Thousands have succumbed to starvation, and even more have died of diseases associated with low levels of nutrition.

Factors contributing to the crisis are the prolonged drought, insect-infested crops and animal disease. The "harmattan", or dry wind, has continued to fan bush fires in a number of coastal West African countries. A population growth rate for Africa of 3.2 per cent per annum exerts pressures on limited arable land. Civil strife in some countries has dislocated many people, creating refugees and general insecurity. In addition, the global recession hit Africa particularly severely, weakening the ability of governments in the region to deal with disaster.

Canada has already provided $75 million in food aid during the past year to governments of the most seriously affected countries, and $15 million, earmarked for the drought victims of Africa, to the International Emergency Food Reserve administered by the World Food Programme. In addition, the major international humanitarian institutions have launched broad-based emergency relief programs requiring $1.3 billion.

As the delivery of assistance is complicated by the poor transportation and distribution networks, humanitarian institutions are co-operating in an effort to overcome these difficulties.

While helping to abate immediate distress, Canada is also providing long-term assistance to African economies to increase their agricultural production and their ability to cope with food shortages.

CRIMINAL CODE

SECTIONS 150 and 153—SUGGESTED AMENDMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised by Senator Nurgitz on February 21 last concerning the wording of sections 150 and 153 of the Criminal Code of Canada. At that time, Senator Nurgitz suggested that there might be a loophole in the Criminal Code whereby adoptive fathers can escape criminal prosecution for having sexual intercourse with their adopted daughters.

The question has arisen because of a judgment of a court in Manitoba. That decision is under appeal and it would be inappropriate for us to comment on the facts of the case or the merits of that decision.

• (1450)

For your information, however, we can advise that the issue in the case turns on the meaning of the terms employed in subsection 153(1) of the Criminal Code. It is an offence for a male person to have sexual intercourse with any person who is his stepdaughter, foster daughter or female ward. There is no specific reference to adoptive daughters in the enactment and the question is whether such a relationship falls within the meaning of the words used in the section. Blood relationships are covered separately under the incest offence defined in section 150.

While the resolution of the particular case in question must await the decision of the Manitoba Court of Appeal, I would like to advise that the report of the National Study on Sexual Offences Against Children and Youths, under the chairmanship of Professor Robin Badgley of the University of Toronto, will be received by the Minister of Justice and the Minister of National Health and Welfare within the next two months. That report is expected to provide the most comprehensive appraisal of the protection afforded children from sexual offences by the Criminal Code.

I might add that the government has in recent years proposed amendments to the Criminal Code to deal specifically with the problem of the sexual exploitation of children by adults. Those proposals will be reconsidered by the Department of Justice with the aid of the report of the Badgley committee when it is received.

JUSTICE

WRONGFUL IMPRISONMENT—CIVIL LIABILITY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to a question first asked by Senator Nurgitz on November 17 last concerning the Donald Marshall case. An answer was received, but it arrived after the prorogation of Parliament and the question died on the order paper. I have now received a shorter but updated answer.

While the Nova Scotia Supreme Court identified Mr. Marshall's own conduct as a contributing factor in his wrongful conviction for the murder of Sandy Seale, the fact remains that a miscarriage of justice occurred and Donald Marshall served 11 years in prison for an offence he did not commit. The Minister of Justice has for some months been trying to persuade the Government of Nova Scotia to face and resolve the concerns that many Canadians have regarding Donald Marshall's unfortunate position. While urging action, the minister felt constrained to permit provincial authorities, under whose supervision and authority the Marshall case was investigated and prosecuted, to take the action that would fulfil their proper responsibility.

It is therefore with some real satisfaction that the minister noted the decision of the Nova Scotia government to appoint Mr. Justice Alex Campbell, of the Supreme Court of Prince Edward Island, to examine and assess the issue of compensation to Donald Marshall. The minister trusts that this step will lead to an appropriate redress of his present unsatisfactory situation.

NATIONAL DEFENCE

SPECIAL COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Special Senate Committee on National Defence have power to sit at 4 o'clock in the afternoon on Wednesday next, March 28, 1984, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, for the record, this is the motion that earlier today I undertook to present on behalf of Senator Lafond's committee, because of necessary adjustments to our schedule next week.

Motion agreed to.

The Senate adjourned until Tuesday, March 27, 1984, at 8 p.m.

APPENDIX

(*See p. 346*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE
SECOND REPORT

REPORT ON SUPPLEMENTARY ESTIMATES (C) LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1984

March 22, 1984

The Standing Senate Committee on National Finance to which Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1984, were referred, does, in obedience to the order of reference of Tuesday, March 6, 1984, report as follows:

Your Committee held two meetings with the following witnesses:

The Honourable Jacob Austin, P.C.
Minister of State for Social Development

Mr. G. Bennett
President and Chief Executive Officer, Canadair Limited

From the Treasury Board:

Mr. J. L. Manion
Secretary

Mr. Herman Hansen
Assistant Secretary, Social Development, Program Branch

Mr. Hugh J. Mullington
Assistant Secretary, Crown Corporations, Program Branch

Supplementary Estimates (C) totalling $2.4 billion is the third and final supplementary for the fiscal year 1983-84. The total 1983-84 estimates tabled to date are $92.7 billion. With the lapse of various funds, the total expenditures for 1983-84 are not expected to exceed $90.7 billion. Of the $2.4 billion contained in these supplementary estimates, $1.1 billion represent the net adjustment to items with a statutory authority. These payments are non-discretionary in nature. The remaining $1.3 billion represent new spending authorities that Parliament is being asked to approve.

Supplementary Estimates (C) provide a list of 32 one dollar items, with explanatory notes (attached as Appendix A). The Committee notes with approval that none of these one dollar items has been used to create a new spending authority and that reasonable information has been provided as to the reasons for the items. However, the Committee continues to object to the use of one dollar votes as a device for transferring unspent funds to another vote.

The Committee noted with concern that Treasury Board officials were unable to provide any answers regarding the use of the $170 million allocated "for special purposes" to the Canada Post Corporation. This amount is additional to $300 million representing the 1983-84 deficit.

The Committee devoted an afternoon hearing to reviewing material relating to Canadair and decided to hold an additional in camera session to examine more sensitive material. The Committee also expressed an interest to include the future reorganization and funding of de Havilland in such a session. While recognizing that the approach adopted by the government for reorganizing the structure of Canadair and its production schedule appears to be the right one, the Committee noted that the company's sales projections for 1984 and future years involve considerable uncertainty. The president of the company, Mr. Bennett, provided a rough estimate of an opening balance sheet and a sales and earnings forecast, both of which are attached as appendices B and C to this report. The Committee was satisfied that cost projections were reasonably conservative, but noted that they did not include provision for any major redesign of the Challenger, should one be necessary to meet changing competition.

The supporting material submitted to the Committee by Senator Austin indicated that

> "any short-term cash requirements will be met pursuant to conventional banking arrangements between New Canadair and its bankers, without the need for further government guarantees." (p. 17: Canadair Update: A report to Parliament from Canada Development Investment Corporation; March, 1984)

The main concern of the Committee, which will be pursued in the in camera session is to ensure that no decision to commit additional monies to the Challenger program, which would be necessary if any major redesign of the aircraft were undertaken to meet new competition, should be entered into without prior disclosure to Parliament and parliamentary approval for the decision in advance.

In the Committee's judgement, a major cause for the lack of control which developed within Canadair was the mixture of public servants and businessmen on the board, because the businessmen tended to treat the public servants as speaking for the sole shareholder, namely the government of Canada. The

Committee goes so far as to recommend that the boards of crown corporations engaged in commercial entreprise should, for the most part, not include public servants; government directions can be conveyed in other ways. Specifically, in the case of Canadair, the Committee suggests that the board of directors should be clearly informed of its concern that any future recommendation which might be made for the expenditure of funds needing additional government loan guarantees should receive parliamentary approval in advance of any decision to undertake a new program which required such funds.

Respectfully submitted,

C. WILLIAM DOODY,
Chairman.

ANNEX A

LIST OF ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (C), 1983-84

The 32 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. Sixteen votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

B. Ten votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

C. Two votes to establish loan guarantees. (Additional explanations are provided in Appendix II).

D. Two votes which seek increases in the drawing authority for Revolving Funds. (Additional explanations are provided in Appendix II).

E. Two miscellaneous votes, one to inform Parliament of the amount of the actual 1982-83 deficit for the Canada Post Corporation and the other to authorize the issue of demand notes. Additional explanations are provided in Appendix II).

March 8, 1984

Estimates Division

APPENDIX I

LIST OF $1 VOTES IN SUPPLEMENTARY
ESTIMATES (C), 1983-84

			Categories				
Page	Department or Agency	Vote	A	B	C	D	E
10	Agriculture	5c	*		x		
16	Communication	2c				x	
24	Economic and Regional Development	1c		x			
28	Employment and Immigration —Canadian Employment and Immigration Commission	15c		x			
30		20c	x				
32	Energy, Mines and Resources	1c	x				
34		10c		x			
34		20c	x				
36		40c	x				
38	Environment	1c	x				
40		5c	x				
40		10c	x				
40		15c		x			
46	External Affairs	10c	*	x			
50		15c	x				
54	—Canadian International Development Agency	L38c					x
64	Fisheries and Oceans	1c	x				
64		10c	*	x			
86	Labour	1c	x				
86		5c		x			
90	—Canada Post Corporation	7c					x
92	National Defence	10c		x			
96	National Health and Welfare	1c	x				
102		25c	*	x			
106		40c	x				
112	National Revenue—Taxation	10c	x				
128	Regional Industrial Expansion	1c	x				
156	Transport	6c				x	
158		39c			x		
162		55c	x				

Page	Department or Agency	Vote	Categories A	B	C	D	E
168		60c	x				
168		65c	*	x			

APPENDIX II

ADDITIONAL EXPLANATIONS

Category C—To establish loan guarantees

Agriculture

Vote 5c—Authority is requested to guarantee a loan in an amount up to $5.5 million to the Co-operative Implements Limited.

Explanation—This loan guarantee of $5.5 million is part of a financial agreement entered into with the Co-operative Implements Limited, the Canada Co-operative Credit Society, the provinces of Manitoba, Saskatchewan and Alberta and the Federal Government. The purpose of this agreement is to provide financial assistance to the Co-operative Implements Limited. The Federal Government's 50% share is comprised of a loan guarantee of $5.5 million and the making of recoverable contributions which total $16 million.

Bill C-96, proclaimed on November 30, 1983, amended the *Financial Administration Act* and now provides authority under subsection 22(2) to establish loan guarantees by means of an Appropriation Act.

Transport

Vote 39c—Authority is requested to guarantee loans and other financial arrangements totalling $205 million entered into by Ridley Terminals Inc. and to allow for the rollover of these guarantees up to March 31, 1989.

Explanation—Ridley Terminals Inc. is a joint venture between Federal Commerce and Navigation Ltd and Canada Ports Corporation for the purpose of providing coal transhipment facilities at Ridley Island, B.C., the existence of which is essential for the private development of north-eastern B.C. coal deposits for export markets. Interim financing from private sources has been made available on the strength of assurances provided by the Minister of Transport that Parliamentary approval would be sought to guarantee loans up to $205 million.

Bill C-96, proclaimed on November 30, 1983, amended the *Financial Administration Act* and now provides authority under subsection 22(2) to establish loan guarantees by means of an Appropriation Act.

Category D—To authorize increases in the drawing authority for Revolving Funds

Communications

Vote 2c—Authority is requested to increase the drawing authority of the Government Telecommunications Agency Revolving Fund from $12 million to $15 million.

Explanation—The Revolving Fund was included under the *Adjustment of Accounts Act* (1980). Section 33 of that Act includes authority to amend certain sections of the Act through an Appropriation Act, including Section 23 which deals with the authority for making payments out of the Revolving Fund and with the amount of the drawdown authority.

This proposed increase in the drawing authority is required to provide the Revolving Fund with sufficient working capital to finance 35 days of operations thus reducing the risk of incurring surcharges by the telecommunications carriers for the late payments of invoices.

Transport

Vote 6c—Authority is requested to increase the drawing authority of the Stores Revolving Fund from $35.7 million to $43.7 million.

Explanation—The Revolving Fund was included under the *Adjustment of Accounts Act* (1980). Section 33 of that Act includes authority to amend certain sections of the Act through an Appropriation Act, including Section 30 which deals with the authority for making payments out of the Revolving Fund and with the amount of the drawdown authority.

The proposed increase in the drawing authority is required to provide for the cost of replacement equipment related mainly to the air and marine operations, to be purchased over the next three years.

Category E—Miscellaneous

External Affairs—Canadian International Development Agency

Vote L38c—Authority is requested for approval of the issue of non-interest bearing, non-negotiable demand notes of up to $14 million for contributions to international financial institutions.

Explanation—The demand notes of $14 million will be used to provide for Canada's third and last installment as financial assistance to the International Fund for Agricultural Development in developing countries. The first two installments of $14 million each were made in March, 1982 and mid-July, 1983. The issue of the three notes was agreed to under the First Replenishment in 1981-82.

This third note has been issued in accordance with the *International Development (Financial Institutions) Continuing Assistance Act*. There is no immediate cash

requirement. The notes will be encashed over the next few years as required.

Labour—Canada Post Corporation

Vote 7c—To report the actual excess of operating and income charges over revenues for the Corporation for the fiscal year ending March 31, 1983

Explanation—The Corporation received advances from the Minister of Finance during 1982-83 to offset revenue shortfalls in accordance with Section 29(1) of the *Canada Post Corporation Act*. Section 29(3) of the Act provides that the excess of advances over revenues are to be included as a "deficit appropriation item" in "the next Estimates laid before Parliament thereafter". Since the advances have already been reported as expenditures of the Government in the 1982-83 fiscal year, they cannot be voted as expenditures in 1983-84. Accordingly, in order to conform with the intent of the Act, a $1 voted item has been included in these Supplementaries to inform Parliament of the actual amount of the Corporation's deficit for 1982-83. To avoid reporting forecasts for the Corporation's deficit to Parliament after the fact, these Supplementaries also include a statutory item of $300 million as being the estimate of the Corporation's deficit for 1983-84. The actual 1983-84 deficit will be reported as a $1 item in 1984-85 Supplementary Estimates, again in accordance with Section 29(3) of the Act.

ANNEX B

(NEW) CANADAIR LIMITED

FORECAST SALES AND EARNINGS

($ Millions)

	9 mos. 1984	1985	1986	1987	1988
Sales	247.2	387.1	497.5	586.3	637.7
Profit for Operations	1.8	5.9	13.0	21.5	35.0
Interest and other Financing Expenses	0.4	0.5	0.6	0.6	0.6
Net Earnings	1.4	5.4	12.4	20.9	34.4

15 March, 1984

ANNEX C

ESTIMATE FOR DISCUSSION PURPOSES ONLY

(NEW) CANADAIR LIMITED

OPENING BALANCE SHEET AS AT APRIL 1, 1984

($ million)

ASSETS		LIABILITIES	
Current	384	Current	279
Plant, Property & Equipment—Net	55	Shareholder's Equity	
Other	5	Capital Stock	165
	444		444

THE SENATE

Tuesday, March 27, 1984

The Senate met at 8 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

THE LATE RIGHT HONOURABLE BORA LASKIN, P.C.

TRIBUTES

Hon. H. A. Olson (Leader of the Government): Honourable senators, it is my sad duty to pay tribute to the memory of the Right Honourable Bora Laskin who passed away last night. Bora Laskin was a brilliant legal scholar and libertarian, as well as being Canada's pre-eminent jurist. When he was named to the Supreme Court in 1970, he was already considered to possess one of Canada's outstanding legal minds. Three years later he was appointed Chief Justice of the Supreme Court of Canada. In his ten years in that post, Bora Laskin set a new course for the court. He brought with him a humanistic viewpoint, hard work and a special expertise in constitutional law.

After a decade as Chief Justice, Bora Laskin was considered by many to be one of the most respected jurists in the history of Canada. Judgments from Bora Laskin's decade as Chief Justice will be considered landmarks and will set precedents for years to come. He was never afraid to voice his opinion, even if it ran counter to that of the majority, and, indeed, his dissenting opinion in the *Murdock* case in 1974 is considered as having formed the basis for more equitable matrimonial laws in almost every Canadian province.

Canada will miss his leadership, his intellect, his dedication and his honesty. He was a great Canadian.

On behalf of the government, I should like to offer our most sincere condolences to his wife and family.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, all judges judge, but not all have judgment. It must be said of Bora Laskin that he possessed this quality to a degree rarely accorded by Divine Providence. His dissenting opinions, as mentioned by the Leader of the Government—and they were frequent—were always brilliantly defended. He could cut through the cant and crust of the law, making clear some of its most complex tenets.

He was a born teacher: sensitive, dynamic, inquisitive and totally dedicated to making more readily understandable to everyone that which was the focus of his life—the law.

Probably due to his background he was naturally inclined to take up unpopular causes. As a labour arbitrator, he was looked upon as the defender of the beleaguered worker. As a teacher, he was considered something of a free-wheeling radical and a tough-minded civil libertarian. These things he may well have been, but he was also fiercely independent. He was an individualist who, at times, appeared to operate on the fringes of what was deemed acceptable by a profession steeped in tradition and somewhat slow to change.

[*Translation*]

Bora Laskin had an exceptional legal career, first as a law professor and researcher. However, it is as a judge that he made his mark.

He was a jurist of his time, a liberal, an innovator—open to change.

Wherever his gifts took him, he remained aware of his origins and he always sought to protect the rights of the humble.

Speaking personally, as a lawyer who had to plead before him and as Minister of Justice who had to take decisions of interest to the judiciary, my dealings with him were most gratifying.

His death is a great loss, because men like him are rather scarce.

To his wife and children, I extend our deepest sympathy on behalf of the official opposition.

[*English*]

Hon. David A. Croll: Honourable senators, I share with the country the tremendous sadness at the death of Bora Laskin, who rose to the heights of his profession to become Chief Justice of Canada and the exponent of the living law. He was the best legal mind in Ottawa, and we can all say he was a good man, a great Canadian, a man of wisdom and humanity. He had a passion for justice; not for popularity. As a man, he accomplished many things because he had the courage to be himself.

Bora Laskin received his B. A. in 1933 from the University of Toronto; his Master's degree in 1935; and his law degree in 1936. He obtained his Master's in law from Harvard in 1937.

After eight years in university, Laskin suddenly found himself looking for work, but he could not get it practising law. Doors in the large law firms were closed to him. It took us politicians to open those doors for him and for others. He went to university to teach, and we are fortunate he did.

I was a member of the committee that, in November 1973, recommended him for the acceptance of the prestigious Human Relations Award, given each year by the Canadian Council of Christians and Jews. He spoke to the council after receiving the award and he had this to say:

> There is the over-arching fact that we, no less than the honorees of years past and those who will come after us, are temporarily the focus of social convictions. We are

merely points of emphasis of a democratic humanism that we see as a fulfillment of public duty and private responsibility. To the extent to which the award is a personal tribute, I accept it representatively and proudly as a Canadian citizen of Jewish faith, whose traditions and ethics find confirmation in the values that support our Constitution and public arrangements. I am here in a personal capacity and not as a judge. To use the words of another judge of the Jewish faith who was once my teacher, the late Felix Frankfurter:

> Judges, in their official capacity, are neither Jew nor Gentile, neither Catholic nor agnostic.

This sense, nay, this obligation of official detachment springs ultimately from a social philosophy that sees the individual, whether alone, or as a member of a group, as a subject of undifferentiating respect, whatever his or her religion, his or her belief, his or her colour.

Vibrant and enthusiastic, a sound mind in an ailing body, his mind was a priceless possession of this country. His standards of fearlessness and intellect gave him a unique position in the trust of Canada. His death deprives all of us. He will be missed. I extend sympathy to his wife and family.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I want to add another dimension to our remembrance of Chief Justice Bora Laskin. Bora Laskin was my professor at the University of Toronto Law School in the late 1940s and also at Osgoode Hall Law School, and I learned a great deal from him. The last time I appeared before the Supreme Court of Canada, when he was presiding, was a little over a year ago, and he taught me a few lessons then, too. But I remember him best as a teacher, as a counsellor and as a friend. The unique thing about Chief Justice Laskin—our beloved Bora—was that the role he played in my life was not unique; he played this teaching, avuncular, friendly role with legions of law students and lawyers.

On my own and on their behalf, I want to say that I am sorry he is no longer with us.

• (2010)

Hon. Henry D. Hicks: Honourable senators, in view of the excellent tributes that have been paid to the late Chief Justice of the Supreme Court, particularly those by the Leader of the Government in the Senate and the Leader of the Opposition, I shall not attempt to add anything to the words of praise that have already been written into our record. However, I do want to point out that, a few years ago, I had the honour of bestowing upon the Honourable Bora Laskin a Doctorate of Laws from Dalhousie University. On that occasion I admired his graciousness, and one could even say humility, and, thereafter, the friendliness with which he always treated me and the interest that he took, both before and after that occasion, in the students of Dalhousie University, particularly those in the law school of our university. Whenever he came to Halifax, he was exceedingly popular in student seminars and, even when he was the Chief Justice of Canada, he always had time to meet with and discuss things with students.

[Senator Croll.]

I remember him as a warm human being, a person who embodied all the qualities that have been attributed to him by the Honourable Senator Olson and the Honourable Senator Flynn. He was a truly great scholar of the law. He was one of the greatest legal scholars not only in and around Ottawa but in an international context as well. He was an innovator; completely courageous and not the least bit concerned with popularity, and, because of that, he was the kind of person whom Canada can be proud to have had as its Chief Justice.

Hon. Richard J. Stanbury: Honourable senators, I wish to add a few words to the tribute that Senator Frith has paid, because he and I had similar experiences with the late Chief Justice of Canada.

Bora Laskin came to Osgoode Hall at the end of the Second World War, just as I and many others came out of the forces and began our course in the study of law at Osgoode Hall. The system which operated at Osgoode Hall in those days was one of three years of study, with half of your time, namely the afternoons, being spent as an articling student in an office and the other half, namely the mornings, being spent studying at Osgoode Hall.

Cecil Wright and Bora Laskin came to Osgoode Hall with the avowed purpose of revolutionizing the legal educational system in the Province of Ontario. They succeeded in a measure which perhaps even they had not anticipated so that, thereafter, a legal education required a university degree as well as completion of the Bar Admission Course. They then went to the University of Toronto to follow through on that campaign.

Bora Laskin taught me constitutional law and labour law. In spite of my mediocrity as a student, he managed to make me understand some of the complications, the niceties, of those fields of law.

Honourable senators, in my judgment, Bora Laskin was a remarkable judge, a remarkable lawyer, a remarkable teacher and a remarkable human being. He was my teacher and a warm-hearted friend. My condolences go forward to his wife, to his family, and to his many students and believers in his wisdom and integrity.

The Hon. the Speaker *pro tempore*: Honourable senators, in the absence of the Honourable Maurice Riel, Speaker of the Senate, I sent the following message to Mrs. Laskin today:

> On behalf of the Senate of Canada, please accept sincere condolences at the passing of your husband.
>
> Chief Justice Laskin made an enormous contribution to Canada. Canadians learned to love and respect him for his scholarship, leadership and wisdom in our nation's legal and constitutional history.
>
> We know all Canadians share with you pride for his life and sorrow at his death.

Honourable senators, I should like to inform you that there will be a lying-in-state ceremony for the late Chief Justice Bora Laskin tomorrow, Wednesday, March 28, 1984, at the Supreme Court of Canada between 9:00 and 9:30 a.m. The honourable senators are invited to join the Prime Minister and

other high dignitaries and leaders of state for the lying-in-state of the remains of the late Chief Justice Bora Laskin, at which condolences will be offered to representatives of his family.

Honourable senators, I would ask you to rise for a moment of silence.

Honourable senators then stood in silent tribute.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

MESSAGE FROM COMMONS

The Hon. the Speaker *pro tempore* informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Thursday, March 22, 1984

ORDERED,—That Standing Order 69(3) be amended by adding the following:

"(d) On Official Languages policy and programs to act as members on the part of this House on the Joint Committee of both Houses, to consist of 15 members;"

And that a message be sent to the Senate requesting that that House do unite with this House of the above purpose and to select, if the Senate deems it to be advisable, certain members to represent that House on the proposed Joint Committee.

ATTEST

C. B. KOESTER
The Clerk of the House of Commons

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

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(a), moved:

That the message be taken into consideration at the next sitting of the Senate.

Motion agreed to.

APPROPRIATION BILL NO. 4, 1983-84

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-27, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1984.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved:

That the second reading of this Bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

• (2020)

[*English*]

APPROPRIATION BILL NO. 1, 1984-85

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-28, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 3lst March, 1985.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon. H. A. Olson (Leader of the Government) presented Bill S-11, to implement conventions between Canada and the Republic of Tunisia, Canada and the People's Republic of Bangladesh, Canada and the United Republic of Cameroon and Canada and the Democratic Socialist Republic of Sri Lanka, an agreement between Canada and Kenya and conventions between Canada and the Arab Republic of Egypt, Canada and the Republic of the Ivory Coast and Canada and Sweden for the avoidance of double taxation with respect to income tax.

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 Olson, bill placed on the Orders of the Day for second reading on Thursday, March 29, 1984.

SHIPPING CONFERENCES EXEMPTION ACT, 1979

BILL TO AMEND—FIRST READING

Hon. H. A. Olson (Leader of the Government) moved the first reading of Bill S-12, to amend the Shipping Conferences Exemption Act, 1979.

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 Olson, bill placed on the Orders of the Day for second reading on Thursday, March 29, 1984.

ABORIGINAL PEOPLES OF CANADA

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE

Hon. Charlie Watt: Honourable senators, I give notice that on Thursday, March 29, 1984, I will move:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;
>
> That the Committee be composed of eight Senators;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to travel from place to place within Canada; and
>
> That the Committee be authorized to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

[*Translation*]

MISCELLANEOUS STATUTE LAW AMENDMENT PROPOSALS

DOCUMENT REFERRED TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)e), moved:

> That the document entitled: "Proposals to correct certain anomalies, inconsistencies, archaisms and errors and to deal with other matters of a non-controversial and uncomplicated nature in the Statutes of Canada", tabled in the Senate this day, be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

• (2030)

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, March 28, 1984, at 4 o'clock in the afternoon.

Honourable senators, I will explain if leave is granted.

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

[Senator Olson.]

Hon. Senators: Agreed.

Senator Frith: Honourable senators, Thursday last, when I moved the adjournment of the Senate until 8 o'clock this evening, I mentioned that at a meeting of committee chairmen and others the consensus had been that it would generally be desirable to return to our long standing schedule; that is, sitting on Tuesday evening at 8 o'clock, and on Wednesday afternoon and Thursday afternoon at 2 o'clock. As I said last week, the reason we felt it better to sit at 4 o'clock this Wednesday, as opposed to 2 o'clock, was that several committees had planned meetings for 2 o'clock in the thought that the Senate would not be sitting at all on Wednesday.

As a footnote, if the appropriation bill regarding the supplementary estimates (C) and Bill C-28 receive second and third readings by tomorrow afternoon, then we hope to have Royal Assent tomorrow afternoon as opposed to Thursday.

Motion agreed to.

EL SALVADOR

ELECTIONS—PRELIMINARY REPORT OF CANADIAN OBSERVER TEAM PRINTED AS APPENDIX

Hon. H. A. Olson (Leader of the Government): Honourable senators, I ask leave of the Senate to have the preliminary report of the initial impressions of the observer team sent to El Salvador printed as an appendix to the *Debates of the Senate* of this day. It might be useful for honourable senators to have that preliminary assessment at this time.

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

Hon. Senators: Agreed.

(*For text of report see appendix p. 372.*)

THE ESTIMATES 1983-84

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C)

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (C), which was presented on Thursday, March 22, 1984.

Hon. C. William Doody: Honourable senators, I have a few words on the supplementary estimates (C) which were laid before this house on Tuesday last. The Standing Senate Committee on National Finance studied them and reported to this chamber on Thursday last.

The committee held two meetings in the process of examining these estimates. The first was with the Honourable Jack Austin, P.C., our colleague and Minister of State for Social Development, and Mr. G. Bennett, the President and Chief Executive Officer of Canadair Ltd.

The second meeting was held with Treasury Board officials: Mr. J. L. Manion, Mr. Hansen and Mr. Mullington. Mr. Mullington has the responsibility for supervising crown corporations.

These supplementary estimates total $2.4 billion; they are the third and final supplementary estimates for the fiscal year 1983-84. The total for the year tabled to date is $92.7 billion. Some of those funds will not be used, and the saving through the lapse of those funds will reduce the total expenditure to approximately $91 billion.

The $2.4 billion contained in these supplementary estimates includes $1.4 billion net adjustments to items with a statutory authority. Those are not discretionary, and so there is no room to manoeuvre with them; they are locked-in expenditures.

The remaining $1.3 billion represents new spending authority that Parliament has been asked to approve. Included in these supplementary estimates are 32 $1 items. The members of the committee once again decry the use of these $1 votes. We realize that it is a convenience for the bureaucrats to transfer funds from one vote to another. Their argument, of course, is that those moneys have already been voted by Parliament and that they are simply moving unused funds from one subhead to another to avoid the double trouble of having to go back to Parliament to ask it to vote again for moneys which have lapsed under the original subhead under which they were voted. The flaw in this, of course, is that the moneys are not being used for the purpose for which they were voted, but are being used for a different purpose through the strategy of the $1 vote. That is really not respecting the parliamentary process.

We should note on the positive side of the $1 votes, however, that none of these has been used, at least this time, to create new spending authority. Reasonable information has been provided for the purposes of the votes and we anticipate we will be seeing more of them. Treasury Board officials feel that it is a reasonable management tool, and, although the committee disagrees, we have not been able to convince Treasury Board that our reasoning is sound.

An interesting item in this set of supplementary estimates is the $170 million vote allocated to the Canada Post Corporation. That amount is in addition to $300 million represented in the 1983-84 deficit. We were unable to receive any information on the $170 million, other than that $50 million was voted from the Department of Communications and represented, at least in part, a subsidy paid to the Canada Post Corporation for the distribution of Canadian cultural material through the mails. We were unable to get a definition of "cultural material". We were also unable to obtain a satisfactory explanation as to the use of the remaining money voted to the Post Office. This is a matter of some concern to the committee, and Treasury Board officials have been asked to provide that information to us.

The major items in this set of supplementary estimates—at least those which caused the greatest concern to the committee—are the moneys voted for Canadair and de Havilland. The committee devoted an afternoon to reviewing material relating to Canadair, and found that Senator Austin and Mr. Bennett were willing to provide us with quite a substantial amount of information. However, the material that supports the projections of the company for the coming years was not available to us as it was held to be of a commercial nature and not for public distribution. The rationale for supplying these funds to Canadair—these hundreds of millions of dollars of funds—is based on the assumption that the company will be making money once this debt load is taken off its back. We can only accept that at its face value since no supporting figures were provided, other than those plucked out of the air as far as we were concerned. The 15 planes sold per year to make the company break even, or to make a profit, is an arbitrary number from where we sit, and we have not been privy to the supporting documentation.

In all fairness, the minister and Mr. Bennett agreed to meet with the members of the committee *in camera* to provide further information—not all the information that is available, but further information. The members of the committee invited the minister and his officials to meet with them and we look forward to that session.

I might add that the president of the company, Mr. Bennett, provided a rough estimate of an opening balance sheet and sales and earnings forecasts, both of which are available and, indeed, have been tabled with the report. As honourable senators can see, these are, indeed, very rough forecasts, and, once again, no supporting documentation is available.

• (2040)

The committee was satisfied that cost projections were reasonably conservative, but noted that they did not include provision for any major redesign of the Challenger should one be necessary to meet changing competition. It would appear that this is looming on the horizon.

The supporting material submitted to the committee by Senator Austin indicated that:

> any short-term cash requirements will be met pursuant to conventional banking arrangements between New Canadair and its bankers, without the need for further government guarantees.

This New Canadair, of course, is the new operating company as distinct from the old or original company which still carries the debt load and which will have that function and, I assume, that function only; in other words, it will be a vehicle through which government will retire the huge debt of this company as it comes due.

The main concern of the committee then, and one which we will pursue in the *in camera* session, is to ensure that no further funds will be committed to the Challenger program without first having the approval of Parliament. We should have complete disclosure to Parliament before the decision is made to pump more money into that huge and expensive program. We still do not know what upper limit on government spending is anticipated for the Canadair programs. We have to assume that there must be a limit somewhere, but to date no figure has been indicated, not even a ball-park one.

There is one other point worthy of note and that is the restructuring of the board of Canadair. Public servants are no longer members of that board. Business people are expected to make decisions affecting the company in the future, and we

hope that will go some way towards correcting some of the problems that have been apparent. We must sympathize with the public servants who were appointed to this board—and, indeed, with those appointed to all crown boards. A clear conflict is apparent. One can only wonder how they could have been expected to perform their duties as directors under the circumstances in which they found themselves. I had hoped that public servants would no longer be associated with these crown corporations, but I note that this is not to be. I note that in the new CDIC, as described by Senator Austin in his press release of March 20, four deputy ministers have been appointed to that board along with a number of appointees from the private sector.

With regard to the CDIC and further to the supplementary estimates, I note that de Havilland is one of the companies controlled by the overall umbrella of CDIC. In the supplementary estimates, the government has approved CDIC's request for $240 million to allow Dash-8 production to go ahead. Senator Austin, the minister responsible, was not in a position to give the committee any information about de Havilland. I find that this is a most unsatisfactory and unacceptable state of affairs. The sum of $240 million is a substantial chunk of the taxpayers' money that has been committed through this vote to de Havilland, and yet we are unable to get any information.

The responsibility of the minister is to Parliament and, I would think, primarily to this house. However, he does not have the material ready to his satisfaction in order to report. Nevertheless, we are expected to vote the $240 million. Obviously, we have no choice but to do so. However, I must complain about the inability or the refusal of the minister to give us any information about the affairs of this particular company. He has assured us that as he gets his material prepared, he will meet with us, but the minister has also said that he has an outstanding commitment to meet with the House of Commons. I take it that is a prior commitment, but I hope the minister will reconsider and appear before the Senate committee before he meets with the House of Commons committee. However, we will see what happens.

Honourable senators, there are a number of other items in these estimates which are worthy of attention. I will not take the time of the house to go into them now. I simply note the fact that the committee has examined the estimates. We certainly do not approve of them, but we bring them to you for your attention.

Hon. Joseph-Philippe Guay: Honourable senators, Senator Doody mentioned that the only reason the Post Office could give him for the allocation of the additional $50 million was for cultural purposes. Could he enlarge on that?

Senator Doody: I would certainly like to be able to enlarge on that, but the situation is as I described it. The members of the committee questioned the Treasury Board officials on what this money was to be used for by Canada Post. They were told that $50 million of the $170 million was to be used as a subsidy from the Department of Communications to help pay the costs of what they described as cultural—material which is mail; by whom or to whom we do not know. We know that the taxpayers, through the Department of Communications, pay $50 million to Canada Post to help defray the costs of handling it. What the balance of that $170 million was for, Treasury Board was not in a position to tell us. They undertook to get the information for us. In all fairness to them, most information is forthcoming very quickly but in this particular instance it was not, so we must have caught them off guard or they must have slipped up somewhere along the line. I wish I could provide you with the information, but I cannot.

Senator Guay: Honourable senators, one can be left with the impression that the Treasury Board is making recommendations for allocating large sums of money, and yet they cannot substantiate it, which does not make any sense to me.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to add a few words to what my colleagues have said about these supplementary estimates, because it has been made quite clear to the house that insofar as de Havilland is concerned in particular we are certainly flying blind. We have been asked to provide approximately $250 million, which I consider a substantial sum, without any justification as to why it should be forthcoming. It represents an act of faith on the part of Parliament, and I must say that when I relate that to the history of Canadair I have some concern as to whether that faith is not misplaced, because we are flying blind with respect to Canadair as well. It seems to me that it is not out of place to remind ourselves that we are being asked to put up $310 million for Canadair. That is really not the important point that the government made in connection with this corporation in the course of dealing with these estimates. The important point that they made was that $1.350 billion was to be written off, and I think that point requires more attention than it has received in this chamber up to the present time. I should like to express my views on that subject.

Canadair was run by an American conglomerate, General Dynamics, quite successfully in Canada up to 1976 or 1977 when that experienced American company decided, as it viewed the prospects for the company, that it probably would not be a viable business operation in Canada in the future. That presented a problem. The government responded to that problem by making the assumption—I believe I am safe in saying this—that, while it might be that the General Dynamics firm was not able to make a go of this thing in the future, the government would be able to; it would operate this firm in a business-like and successful manner into the future—a prospect that had not appealed to the original owners. No doubt they were very happy to receive $42 million for handing over their business to the Government of Canada at that time.

Since 1977 until the present time there has been a very unsatisfactory record of performance in connection with the operation of Canadair. One thing that concerns me particularly—although looking from the outside to the inside I may be a little unfair—is that the government used every means it could to conceal from Parliament what was going on. It seems to me that the government went to some pains to make sure that,

even though Parliament is supposed to have some input in the financial operations of the government, it should not be told anything about Canadair that would cause concern. In fact, the government went so far as to fudge the financing of this company by saying to them that, when they wanted money, instead of coming to Parliament—as should have been done—the government would extend letters of comfort. Letters of comfort are not parliamentary documents; they do not require the approval of Parliament; they were not presented to Parliament; but they enabled this company to obtain funds it needed and which would not be available to it under any other conceivable circumstance.

● (2050)

It seems to me that it is not unfair to say the government not only concealed from Parliament what was going on in Canadair, but took pains to make sure that it should not find out until such time as this situation could no longer be kept under cover and it was necessary to expose the true extent of the problem so that parliamentarians and the public could know what they were faced with in connection with Canadair.

When the figures were disclosed, it was made evident that, while it cost $46 million to purchase the company, another $2.1 billion of new money had been put into Canadair in order to keep that unfortunate leviathan afloat.

Now the government has come along and, as a footnote to the supplementary estimates that we received, has given us a document called, "Canadair Update: A Report to Parliament from Canada Development Investment Corporation; March 1984." In that document, where they refer to the $310 million more that they are asking for right now, they also advance the proposition that $1.350 billion of old debt owed by this company should be handled in some other way than by the company itself; in effect, it should be removed from the books of the company. In one sense that is a practical decision, because on no conceivable estimate of the future activities of this company is that money to be recaptured. It is sunk costs, and "sunk" with a vengeance; that money is never coming back.

The minister described this as a business decision made for business reasons. At the risk of copying a rather famous character, I would say, "Some business; some reasons." You have $1.350 billion which has been transferred to a shell company. It's a shell game all right. It will be off the books of the New Canadair; it will not be included in any way in their costing; and it has been transferred to a shell company which holds the money for the time being.

What will eventually happen—and I am sure I can say this with a degree of confidence—is that it will be added to the public debt, and from now until the end of time—I think it is fair to say forever; I do not think anyone would contradict me—interest will be payable on that sum. At a rate of 10 per cent, it will amount to $135 million per year forever, and at 12 per cent, it will be $162 million per year forever. That is the effect of transferring this debt from the New Canadair through the old Canadair shell. That shell will remain for the purposes of holding the debt for quite a while, but, ultimately, I feel sure the government of the country will pick up this debt with the cost to the taxpayer being along the lines I have mentioned.

While we are talking about an additional $310 million this year, we have to face the reality that we are making arrangements so that the interest costs to the government—the taxpayer—will continue at the rate of $135 million from now until the end of time. That factor cannot be lightly overlooked or lightly glossed over as we look at the supplementary estimates.

I thought it interesting to try to justify what the government did, because they are not entirely unreasonable; they have their reasons; and they have their goals when they enter into policies of this sort, and you will see them set out quite candidly and fairly in the report to Parliament presented in March of this year. There are three main reasons why they got into Canadair in the first place, and it is very constructive, I think, to take a look at what happened.

The first reason is that maintaining the existence of Canadair will provide a machinery by which offset contracts could be operated in the Canadian economy. What that means is, if they were buying a lot of aircraft material from some foreign country, they could say, "Look, let's make some of it in Canada to reduce our foreign exchange problems and increase our employment and economic activity. Let's take some of these offsets from the big order we are giving you and make them in some Canadian factory and it will make us all feel a lot better and be good for all concerned." The proposition put forth, apparently, was that Canadair was the only company able to do this kind of thing. Senator Guay and I both know a firm or two in the city of Winnipeg that have been doing offset work of this kind on airframes—since that is what we are talking about in connection with Canadair—who would be very glad to have some of this business. There are other firms in this country who are able to do offset business. Why it should be thought, as it was in 1977, that offset business was a reason for keeping Canadair is something that escapes me. They may have some special capacity that I know naught of; I am willing to admit my ignorance, but I shall be very surprised if no one else in the country can do that.

The second reason for keeping this company going is that it will offset the trade deficit, particularly the trade deficit in manufactured products. That is a pretty good thing to contemplate. We do have a deficit in manufactured products, and we are all anxious to do something about that. What did Canadair do? The principle is right on, but you have to remember that almost all of their sales are made to foreigners. The Canadian content of Canadair aircraft sold abroad is less than 50 per cent; it might be 40 per cent. That is because all of the components as well as the interior of the aircraft are foreign sourced.

When you consider that these sales were made over the years at prices below cost and, in some instances, on outrageous terms, it is obvious that they were nothing but a subsidy to the foreign businesses that bought the aircraft. I think it

would be hard to argue that that is, in any realistic sense, a contribution to our trade deficit.

The third reason that we should have kept this company in 1977 was its contribution to the expansion of high technology. I certainly hope there was some contribution to high technology from Canadair in the Canadian industrial structure. I am not very sanguine that it was substantial. After all, 50 per cent of what they put into the aircraft they buy from the United States. The engines and many of the gadgets that go into the planes are all bought there. The airframe is the Canadian contribution.

The problems of the Challenger 600 are well known. There is no technological triumph there. Fortunately, the technological condition of the Challenger 601 is a good deal better, but I suggest that most of the high technology in that aircraft is borrowed. I would be surprised if any substantial portion were made in Canada; but let's assume that it is, because, if it is, it is a good thing.

If you were to take these three reasons that were advanced for keeping this company going in 1977 and subject them to any kind of benefit-cost ratio you cared to dream up, I think you would be hard put to say that it was worth it. You would be hard put to say that this write-off of $1.350 billion is a pill that should be swallowed because of the other benefits that come from this operation.

There were about 6,000 jobs in 1977, when the company was taken over, and about 4,300 jobs now. The cost per job works out at about $474,000.

If you are thinking of high technology, increasing employment and balancing our merchandise trade, you have to ask yourself whether the money was well spent and whether, if you had $1.350 billion to vote for this kind of activity, there could not have been a more substantial and satisfactory way of spending the money. Hindsight is easy, and I am aware of that, but it seems to me that if Parliament had been kept advised of what was going on, when it was going on, our problems would be smaller than they are today and we would have less to complain about.

● (2100)

Now we are told: "That is water under the bridge. Eliminate the $1.350 billion from the balance sheet of the New Canadair; take it out of the price-tag. Do not include any of the cost of that money in calculating the price of your new aircraft, and now we are going to make money—or, at least, if we sell 15 aircraft per year, we shall have an operating profit." That was the statement that was made. I say to that: Why not? If any other company in Canada had its debt lifted from its back; if half of the bankrupt businesses in Canada—and this company is surely bankrupt—had their debts removed from their balance sheets and paid by someone else, I dare say there are a lot of businesses in this country that have run into trouble that would be doing well right now with that sort of scenario. Therefore, if you are going to remove the debt from this company to the extent of interest costs of $135 or $150 million a year, they will surely make money if they sell 15 of these aircraft into the new market today. I would like to believe that.

However, there are some experts who tell us that that may not be true. If you have been following this case, you will see that certain people in the aircraft-financing industry—for instance, Lehman Brothers of New York—have expressed some doubts about the restructuring of the finances. They say it does not change a thing. Also, Tom Barrett, who made a study of Canadair with the Shieldings investigation into the company in 1982—at which time he had some good advice for the government which, of course, it did not take—tells those who ask him that this restructuring still does not make sense. I hope these experts are wrong, but I suspect that we are going to have a little bit of trouble and I suspect that even with this transfer of debt, as I have described it here today, we have not eliminated what could be called a hemorrhage of public resources in keeping this company afloat.

I want to deal with that matter in particular, because in the report of the committee, which you have read, there is a statement about the financial prospects of this company. That report says:

> any short-term cash requirements will be met pursuant to conventional banking arrangements between New Canadair and its bankers, without the need for further government guarantees.

And I underline that last phrase, "without the need for further government guarantees." That is right here in the minister's report.

However, he said more than that, and perhaps this also should have been in the report that the committee brought down. The minister said something that is equally, if not more, important. He said that the New Canadair should no longer require annual equity infusions from government to remain in business. That is a pretty big undertaking. He said: "We will not have to go to the government for short-term bank credit." He said: "We will not have to go to the government for new equity money." But the statement is very carefully phrased, because there is another type of money which, perhaps inadvertently, perhaps intentionally, has not been included in this guarantee, and that is long-term debt. It does not say in here that the Government of Canada can relax; that there will be no demands made on them in the future for long-term debt support for this company. It does not say that. It talks about equity; it talks about short-term debt; but it says nothing about long-term debt. That is the point that concerns me, because I think this company is going to have a need for long-term money. They are not in this world alone; they are in the world of tough competition; they are in the world of extremely active, aggressive competition and they face other merchants with aircraft to sell which will give the Challenger a run for its money. There is the Falcon 900; there is the Gulfstream IV. These are two of the most prominent aircraft in the market today.

It seems to me—and I put this to the minister in the committee—that in their financing budget, in the cash flow

statements they have arranged and in their schedules of what will be needed in the future, they have neglected to make what I think is adequate provision for the possibility—and need I go so far as to say "the probability?"—that they will not be able to coast forever with Challenger 601; that at some time in the not too distant future they will have to produce a new model, a new product; they will have to set up a new production line of aircraft if they are to keep up with the competition that they will meet in this intensive and highly competitive world situation.

I suspect that the omission from this statement of words of assurance with respect to long-term debt was intentional, because the government recognizes that possibility as well as I do. If we think to ourselves that, having disposed of the $1.350 billion of past debt and having granted the $310 million in new money this year, we are out of the woods, I hope that may be so but I must confess that I have real concern that it may not be so when I look at the projections that the company has given us.

Incidentally, in committee I asked for these statements and they miraculously appeared, but they are in such an abbreviated form that it is hard to know what they mean. All I know is that the forecast of sales, which is the touchstone of the whole operation, is quite unusual. The sales are estimated, in the remaining nine months of 1984, to be $247 million. The next year, they jump to $387 million. The year after that, they are projected at $497 million. The following year they are projected at $586 million, and the year after that they are projected at $637 million. I say to you that it is not difficult to draw a graph; it is not hard to make assumptions—although we do not know what those assumptions are; we cannot be told those assumptions because this is a commerical property and, even though the government supplies the money, the public is not supposed to know what the money is required for.

However, common sense tells me, and other honourable senators here, that when you have a forecast that raises the sales from $247 million, in 1984, to $637 million, in 1988, in this kind of business, in this kind of competitive atmosphere, with this aircraft unchanged and unmodified, one has to ask if those figures are really realistic. If they are not realistic, then all this fine talk about not coming back to the government for more money will disappear into thin air.

Perhaps it is again wishful thinking; the triumph of wishful thinking being adopted as a policy over experience is what I think we are seeing in this presentation on behalf of the minister. I say to the house that the assurance that is contained in this document—the general impression being that they will not need any more money from the public purse—is one upon which I, for one, would not care to fully rely. No more short-term guarantees—perhaps; no more equity money—we shall see; but no more long-term money for investment in new plant and equipment for the new models—I think that is highly questionable. I say that when you add those facts, with the curious graph that has been drawn here with respect to sales into the future, one would be justified in thinking that, if not this year, then next year, these same people will be back for more money under the same circumstances. Then we shall see that it is a triumph of wishful thinking over experience which lies behind this material.

I take a very simple view. I say that if things are that rosy and this company will make money in the future without the infusion of any more capital, then is this not a great time to let the private sector have it?

Hon. Royce Frith (Deputy Leader of the Government): Whom do you suggest? Who wants it?

Senator Roblin: That is the very question. Who wants it? Nobody wants it, and the reason is because they do not believe these figures about profits; they do not believe these figures about sales; they do not believe these figures about no more government money being awarded. That is why they will not buy it. If these facts were really convincing, there might be more than one person who would be inclined to take a chance and buy this company from the government.

Senator Frith: Then what is the alternative?

Senator Roblin: The alternative is just what the minister is going to do—

Senator Frith: Is the alternative to let it go, let it sink, ground it?

Senator Roblin: On the basis of the record of my honourable friend's performance in the last seven years, almost anything else he did with it, except carry on, would be a good thing because all he has done so far is lose $1.350 billion. He could take all the workers in Canadair and send them to Florida for the rest of their lives, with the money being used to pay for this kind of capital investment.

• (2110)

Senator Frith: Is that official Conservative policy?

Senator Roblin: No, it is not and my honourable friend knows that it is not.

Senator Frith: What should be done?

Senator Roblin: When I am sitting in my honourable friend's place, I will fix this company up in no time flat.

Hon. Jacques Flynn (Leader of the Opposition): At least, don't lie to the Canadian public!

Senator Roblin: I will tell my honourable friend what I would do first. I would level. I would level with the people of Canada. He has not levelled and he is not levelling now. He is not telling us the assumptions on which this document has been put together. He will not tell us.

Senator Flynn: Where is the minister this evening?

Senator Roblin: He should level with the people of Canada. We will level with the people of Canada. When we do, we will find plenty of support for the policies we adopt.

Honourable senators, I cannot prevent this measure from going through. It is probably not the function of the Senate to prevent its going through, in any event, because the Senate is not a confidence body; we have other fish to fry. But I could

not let this debate go by without expressing some real concerns on our behalf that if my honourable friends are there—which is a big "if"—if they are there, they will be back for more money before too long.

Senator Frith: Honourable senators, on the particular question of Canadair, it is understandable and, I think, desirable that Senator Roblin and members of the opposition—indeed, any other honourable senators—should raise questions about this complicated and admittedly risky business. The government has levelled—and Senator Austin has levelled throughout—by saying that it involves a risk.

I think, however, that the overall questions are two-fold and simply nothing more than this: First, should anything be done? Should the government do anything to maintain an aircraft industry in Canada, or, because of all the problems outlined and underlined by Senator Roblin and others—huge and complicated problems that exist within the aircraft industry and within Canadair—should the government refrain from doing anything to maintain an aircraft industry? That is the question that faced the government, not on an "if" basis, not on a hypothetical basis, not if, maybe, they, the opposition, were sitting on this side instead of the present government. Just as the opposition has properly taken on its responsibility to raise these questions, the government has had to take the responsibility of deciding, "Shall we or shall we not?"

Honourable senators, it is not a matter of competing with the private sector to take over this industry. It seemed to the government that the implications of letting this industry die, of doing an "Avro" on it, were so widespread that the government had to take some steps. I say to honourable senators that the government has levelled, that the government has said throughout that this is a risky business. The government has outlined the kind of debt that must be written off or the kind of money that is needed to keep the industry going. The government has made it clear that, to make it work, we have to sell the 15 per year.

Senator Flynn: We hope; we hope!

Senator Frith: Of course it is hope. I suppose that, ideally, the government could say that in order to save the Canadian aircraft industry—

Senator Flynn: And in order to save face, too!

Senator Frith: —it must continue subsidizing it. Honourable senators, that occurs in every nation in the world that is involved in the aircraft business. Every government massively subsidizes its aircraft industry.

I repeat that the question facing the government was: Should we get out? Is it too hot in the kitchen? Should we allow the aircraft industry to be no more because it is too costly and too risky a venture? The decision was there to be taken. It is a decision which has certainly been made before—it was made in the case of the Avro "Arrow," and I am not saying whether it was made rightly or wrongly. Whichever way it turned out, that question was faced by another government and a decision was taken on it.

[Senator Roblin.]

In this case, as well, the government has taken a decision. The government has identified what is involved—all of the technology, all of the jobs, all of the other industries, including those in Winnipeg, that are involved and that face the possibility of dying along with Canadair, because that was the choice. It was, "You steps up and you takes your chances." If you want to stay in the big, competitive, risky league—that of the countries who have an aircraft business—then you have to do what all of the rest of the players do, that is, subsidize massively that industry and preserve all of the benefits that flow from it.

The decision did not have to be taken in this way, but the first question facing the government was "to do or not do." And the government has said, "We do."

Having decided "to do," the next question was: How to do it? Having decided to stay in the league for all of the ensuing benefits, was it a good idea to write off the debt? Perhaps not, honourable senators, but there was no lack of levelling on this point. The minister made perfectly clear what was to be done and said that that is what he was going to do. Studies and analyses were carried out. The minister has told us that the options that were taken were always the most conservative—if I can be pardoned for what I hope is a desirable adjective—and the projections were made on the basis of a business decision.

What does that mean? It means exactly what Senator Roblin is describing—it means risk. It does not mean guarantees. If the scenario were such that there was an absolute guarantee of no risk in saving Canadair, then the government would never have had to look at the problem.

Honourable senators, those were the questions that faced the government. A decision had to be taken. It may not be the right decision, but I have not heard anyone say, politically, that the alternative was to let it go. Perhaps that is the policy of the official opposition. If it is, then a good argument can be made in support of it. The government considered that argument. The government considered whether it ought to stay in the league and keep Canadair flying or ground it and let it go.

Senator Roblin: It never got off the ground!

Senator Frith: It is easy to criticize; it is easy to say, "I am not telling you what to do. I am simply saying that what you did is not the way to do it."

Honourable senators, have we heard any other options? Is there an alternative to writing off the debt? Let us hear about it; perhaps there is a better way. Is there an alternative to supplying operating capital to the company? We have not heard of it, if there is.

I repeat that this is serious business but that the government had to make its decision because the stakes do not involve just the amount of money: the stakes include the number of jobs in this and in subsidiary industries; the stakes include all of the technology. As to technology, I would suggest that 50 per cent of all of our technology—whether it be with respect to automobiles, urban transport or whatever—is foreign. Honour-

able senators, there is nothing unusual about the idea that the technology is not 100 per cent Canadian.

The government has stood up and has made the decision to save Canadair. It has indicated how that will be done. If there should be a lot of questions on how it should be done, we can make a further inquiry. I am sure that the minister is the man to defend all of this in detail.

Honourable senators, I can only say that I have no hesitancy in supporting the decision made by the government, knowing the risks involved in Canada's maintaining an aircraft industry in this very difficult and competitive international league. If we can take it that the opposition agrees that it was a good decision to save Canadair but it wants more detail on the way in which the government plans to do so, answers can be provided by means of inquiry or by means of reference of those questions to committee. The chairman of the committee has already informed us that the minister has offered to reappear before the committee and give more detail. So, honourable senators, that is the government's position on Canadair, and that is why these figures are in the estimates and why they are referred to in the appropriation bill.

• (2120)

Senator Flynn: I have a question for the Deputy Leader of the Government. Each time the government has come to Parliament, it has painted a rosy picture of the future, such as the Deputy Leader of the Government has done today. Was it justified in doing that each time, if it knew that the risk was so high? After all, each time the government has come to Parliament it has lied to the public in order to overcome the hurdle.

Senator Frith: Honourable senators, the Leader of the Opposition's first question was: In coming to Parliament, did the government paint too rosy a picture? Well, that is a judgmental view. The government has made its analysis. As I have said, it is taking the risk because it believes it has a good chance. If it did not believe it had a good chance, it would not take the risk. Does it have an absolute guarantee? No. Has it ever said that it had a guarantee? No.

Hon. Martial Asselin: The government was wrong; it made a wrong decision.

Hon. H. A. Olson (Leader of the Government): Is it wrong to keep Canadair operating?

Senator Frith: The government was not wrong in this decision. Am I being asked whether the government has always been right each time it has asked for money? No. I do not know of anyone—

Senator Asselin: The government has been wrong all of the time.

Senator Roblin: The government was wrong in—

Senator Frith: In Senator Roblin's opinion, the government was wrong. But was it wrong to save Canadair, or did it do it the wrong way?

Senator Flynn: The wrong way. It is not frank.

Senator Frith: It is perfectly frank. For a government that has not shared the facts, that has sat on all of the facts, or has not given any facts, it is amazing how Senator Roblin could spend 45 minutes talking about the facts. Where did he get them?

Senator Roblin: I got them before—

Senator Frith: He got them because the government did exactly what the honourable senator said he would do, which is to level. It has furnished all of the facts. It has given the opposition all the ammunition it wanted by giving it all of the facts. If there are more facts to be had, the minister has undertaken to provide them.

Senator Flynn: That is why he is away this evening.

Hon. Stanley Haidasz: Honourable senators, I should like to ask Senator Roblin whether he can, in 45 seconds or 45 minutes, tell us what is the official policy of his party vis-a-vis Canadair.

Senator Olson: He will never answer that.

Senator Roblin: I can answer it. If I were directing the official policy of the party, I could answer my honourable friend. But I can give him my policy. My policy is that I would have run this as a proper business from the beginning. My policy is that I would not have concealed from Parliament, for seven years, what was going on in this company. My policy is that I would have come to Parliament with the money and the problems. Had that been done, either it would have been corrected in good time or we would have seen the error of our ways.

Senator Frith: Honourable senators—

Senator Roblin: If the Deputy Leader of the Government is going to reply to a question—

Senator Asselin: Are you answering a question?

Senator Frith: Let us leave the matter with Senator Roblin's comments on what he would have done.

Senator Flynn: We have helped you.

Senator Frith: You were very helpful; thank you.

Senator Flynn: You were saved by the bell.

Senator Roblin: If you were to speak again, you might not like what I would have to say.

The Hon. the Speaker *pro tempore:* Honourable senators, as no other honourable senator wishes to speak, this order is considered debated.

[*Translation*]

APPROPRIATION BILL NO. 4, 1983-84

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-27, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March 1984.

He said: Honourable senators, actually there is not much to be added to the report presented by the Chairman of the Committee. Regarding aspects of this Bill that concern appropriations for Canadair, Senator Roblin and myself hope that our discussions on the matter have been adequate.

Honourable senators, the Bill before the Senate today concerns Appropriation Act No. 4, 1983-84, which provides for the release of appropriations for the entire Supplementary Estimates (C) for 1983-84, which were the subject of Senator Doody's report. The last Supplementary Estimates for this year total, as Senator Doody said, approximately $2.4 billion, so that the total 1983-84 estimates tabled to date are $92.7 billion.

Honourable senators, as Senator Doody pointed out, these estimates were tabled in the Senate on March 8, 1984, when they were immediately referred to the Standing Senate Committee on National Finance. The Committee and officials of the Treasury Board met to discuss the estimates on March 15, 1984. The Committee, as honourable senators are aware, presented its report on March 22, 1984. An explanation of the report was given today by the Chairman of the Committee, Senator Doody.

As the senator pointed out, between the items with statutory authority and the new spending authorities, the total of $2.4 billion represents a net increase of $1.1 billion for items with a statutory authority, which is non-discretionary, as Senator Doody said. Furthermore, Parliament has been asked to approve a new spending authority of $1.3 billion. As mentioned in Committee, the increase in requirements as a result of proposed legislation includes the following major items: for health care, payment of the sum of $852 million to the provinces for contributions to health care programs under the Established Programs Financing Act; and for the Canada Post Corporation, the sum of $300 million to be used to cover its operating deficit for 1983-84. That was mentioned by Senator Doody and it had to do with the infrastructure, not the deficit. As to post-secondary education, there is a reference to a $264 million payment to the provinces for post-secondary education. Under railways, payments amounting to $141 million are to be made to the railway companies to offset losses incurred for transporting grain at the Crow's Nest rates. For the Atlantic fisheries, investments of $114 million will be made under the Atlantic Fisheries Restructuring Act. Additional equalization payments of $107 million will be made to certain provinces.

Honourable senators, the new spending authority as recommended covers main items as follows: Concerning Canadair and de Havilland which have just been mentioned, $310 million to Canadair Limited and $240 million to de Havilland of Canada Limited to replenish their capital stock; the Canada Post Corporation will receive $170 million for infrastructure costs; and $130 million for loans to the Northern Canada Power Commission.

As the chairman of the committee pointed out, these supplementary estimates include 32 $1 items. The members of the committee were given the list which contains additional information on the last five items. Those items were discussed with Treasury Board secretariat officials during the committee meeting on March 15, 1984.

Normally, honourable senators, when I introduce the supply bill, I also give the total of supply to date for 1983-84. All appropriations are finalized and Bill No. 4 is usually the last one. I ask that this table be inserted in *Hansard*.

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

Hon. Senators: Agreed.

(*The table follows*)

SUPPLY TO DATE FOR 1983-84

Three Appropriation Acts have been approved in respect of Estimates for 1983-84:

Supply Approved to Date		
Appropriation Act No. 1, 1983-84 which granted Interim Supply for *April, May and June* including 31 additional proportions, based on the *Main Estimates* for 1983-84.		$ 9,328,506,277.74
Appropriation Act No. 2, 1983-84 which granted Supply for:		
– the balance of the *Main Estimates* for 1983-84;	$23,618,654,033.26	
– the whole of *Supplementary Estimates (A)* for 1983-84.	1,369,452,002.00	
		$24,988,106,035.26
Appropriation Act No. 3, 1983-84 which granted Supply for the whole of *Supplementary Estimates (B)* for 1983-84.		$ 1,815,817,064.00
Total		$36,132,429,377.00
Awaiting Approval		
Supply for the whole of *Supplementary Estimates (C) for 1983-84.*		$ 1,370,654,090.00
Total		$37,503,083,467.00

Less $225,000 in National Revenue vote 1C (Customs and Excise) disallowed by the Speaker of the House of Commons.

Hon. Martial Asselin: By how much will this increase the deficit?

Senator Frith: The estimates tabled for 1983-84 provide for a total amount of $92.7 billion. The figures I have are for the

[Senator Frith.]

piece of legislation are included in the votes and in the committee report. As you agreed, honourable senators, I have included these details in my speech.

Honourable senators, I urge you to support this Bill at the second reading stage.

Hon. Joseph-Philippe Guay: Honourable senators, I have tried to listen carefully to Senator Frith's explanations concerning the amounts provided, especially in the case of Canada Post. I wonder whether he could provide us with detailed explanations—I may have misunderstood—about the $15 million item mentioned by Senator Doody as the Treasury Board officials were not able to give us any information about this amount.

I may have misunderstood Senator Frith; if that is the case, I wonder whether he could explain.

Senator Frith: Honourable senators, the only detail I have comes under the heading of infrastructure costs. This is not exactly part of the deficit, but it is the only detail I have. Usually, this information is provided to the committee, as Senator Guay has explained.

As I understand the committee chairman's comments the committee requested details about the $300 million in the deficit. This question was not raised by Senator Doody, but the other point was the $170 million.

If I understood him correctly, Senator Doody said that he asked for detailed information about the corporation; normally, Treasury Board officials are willing to provide us with this information, but they did promise to do so later.

Senator Guay: In that case, honourable senators, they will give him the details?

Senator Frith: We did ask for them.

Senator Guay: They will provide the details later on. In this particular case, I would like to have information about the $50 million mentioned by Senator Doody in connection with cultural affairs.

• (2130)

[*English*]

Hon. L. Norbert Thériault: Honourable senators, I do not have the facts before me, but I recall the question being posed before the committee to witnesses from Treasury Board and I recall the $170 million. As it was explained to us in committee, there are two items. One is culture related, in that the Government of Canada subsidized the Post Office to perform some cultural printing and mailing. The other item deals with a program which the Post Office is carrying on for Treasury Board.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I should like Senator Frith to tell me something. When our committee on Social Affairs, Science and Technology dealt with Bill C-3, we realized that some of its provisions meant to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act which deals with post-secondary education financing and insured health service programs.

To help us understand the impact of Bill C-3 on the Federal Government's contributions, would Senator Frith tell us whether the figures he quoted a while ago take into account the fact that Bill C-3 will certainly be adopted and shall be deemed to have come into force on April 1, 1984, as provided under Section 33, even if it should come into force at a later date, or whether it is based on the current fiscal arrangements regarding post-secondary education and health services?

Which would prompt a supplementary question: What is the impact of Bill C-3 on the estimates for health programs? Will it keep them as they are now, or increase or decrease them?

Senator Frith: Honourable senators, I believe that the purpose of this bill is to grant a spending authority. Not spending amounts such as those Senator Tremblay has quoted. Some $852 million will be paid to the provinces as contributions to their health care programs under the Federal-Provincial Fiscal Arrangements Act. What it does is authorize them to spend the money.

By adopting the proposed amendments to Bill C-3, we are not saying to the provinces "Go ahead, spend", but "You are hereby authorized to spend, but only according to the following changes".

Senator Tremblay: Which means that, should Bill C-3 be adopted, the amount which is being quoted as $872 million could increase or decrease depending on—

Senator Thériault: It has nothing to do—

Senator Tremblay: I am trying to assess the impact of Bill C-3. Our committee on Social Affairs, Science and Technology is dealing with this issue just now; the only way to find out is to ask whether it will increase or decrease the estimates.

Do you mean to say that there is no connection? Then, when dealing with this part of Bill C-3, it will be useless to ask questions.

Senator Frith: In my opinion—

Senator Tremblay: It is the object of the bill.

Senator Frith: Yes, I think that it can be stated that Bill C-3 has no relation to the bill now before us. That bill is an act to provide spending authority. We are not asked to make expenditures but we do have the borrowing authority. What will happen afterwards has nothing to do with the authority.

Senator Tremblay: If Bill C-3 was to provide an increase of those estimates from $872 to $900 million, you would not have the authority; you would therefore have to obtain it through a supplementary budget or something of the kind.

Senator Frith: It is the same thing with any bill, you cannot avoid it; it is a possibility.

Senator Tremblay: This is why I asked you whether it was based on the assumption that the bill will be passed or on the present state of the matter?

Senator Frith: It is the budget introduced by the minister after taking Bill C-3 into consideration, I am sure.

On the motion of Senator Phillips, debate adjourned.

[*English*]

APPROPRIATION BILL NO. 1, 1984-85

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-28, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985.

● (2140)

He said: Honourable senators, Appropriation Bill No. 1, 1984-85, provides interim supply for the first three months of the new fiscal year. This is a request usually made at this time each year.

We have already adjourned the debate on second reading of Appropriation Bill No. 4, 1983-84, dealing with last year's estimates. What we are now looking at is financial year 1984-85. As honourable senators know, these estimates are immediately referred to two committees: one of the House of Commons, and the other our Standing Committee on National Finance. While those two committees are studying these estimates, the government is asking for interim supply in order to cover necessary expenses between now and the end of June, when it is hoped that a final appropriation bill will be presented.

The appropriation bill before us contains $10,359 million of voted items which are required to meet government expenditure requirements to the end of June, while these estimates are being reviewed by the various committees. A second appropriation bill, which will be No. 2, will be tabled prior to June 30, 1984, to secure release of the balance of these estimates.

As usual, what is being asked for is three-twelfths of all votes, that is, for the months of April, May and June, plus certain additional proportions for some 45 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.

There are two important conditions to my request to honourable senators to support this bill for interim supply. The first is that in no case is Parliament being asked to pass the entire amount of a vote, even proportionally. The second point is that the form of the bill is the usual one asking for interim supply.

I pause here in remembrance of Senator Grosart, since he always very carefully insisted that an undertaking be given to the effect that the passing of a bill of this type would not prejudice the rights and privileges of members to criticize any item in the estimates when it came up for consideration in committee. The usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

[Senator Tremblay.]

Honourable senators, that leaves two matters which are customarily given attention at this stage. The first is to remind honourable senators that the bill before them contains in its schedules the details of the items being asked for for three months, and, in some cases, as much as six, seven and eight-twelfths are being asked for. In no case is the government asking for interim supply for the whole amount.

I am prepared to answer any questions honourable senators may wish to ask. If Senator Phillips will be speaking on behalf of the opposition on this bill, which I expect he will be, I have attempted to obtain information with respect to the usual details as far as the three-twelfths are concerned. However, he does not usually ask questions about the three-twelfths; he might have questions, as other senators might have, concerning the additional appropriations. With respect to that point, I have asked to be briefed on that aspect and I have some information on the subject.

Honourable senators, the last matter I wish to deal with is to ask leave to have printed as part of my presentation certain schedules which Senator Phillips and other senators often ask for in order to prepare their interventions.

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

Hon. Senators: Agreed.

(*The tables follow:*)

ESTIMATES TABLED TO DATE FOR 1984-85

	To be voted	Statutory	Total
Main Estimates			
Budgetary	$36,830,057,399	$57,723,916,919	$94,553,974,318
Non-Budgetary	321,616,000	1,648,133,000	1,969,749,000
	$37,151,673,399	$59,372,049,919	$96,523,723,318

TOTAL SUPPLY, 1984-85

Appropriation Act No. 1, 1984-85

This Bill when passed will provide Interim Supply for the Main Estimates for 1984-85.

This Bill (Appropriation Act No. 1, 1984-85) will provide:

Three twelfths generally of the Main Estimates for 1984-85 plus 45 additional proportions of special items to provide for expenditures for April to June inclusive	$10,358,774,745.49
Balance yet to be voted	26,792,898,653.51
Total to be voted	$37,151,673,399.00

Interim Supply for April to June, 1984

The Proposed Bill will provide:
In respect of the Estimates, 1984-85

(a) *Three-twelfths* of all items to be voted in the Estimates. $ 9,287,918,349.75

(b) *An additional eight-twelfths of*

Communications	Vote 35	
Public Works	Vote 65 and 75	
Transport	Vote 25	
Treasury Board	Vote 10 (Schedule A)	$ 12,772,733.33

(c) *An additional six-twelfths of*

Treasury Board	Vote 5 (Schedule B)	$ 157,500,000.00

(d) *An additional three-twelfths of*

Indian Affairs and Northern Development	Vote 15	
Transport	Votes 20, 35, L60 and L115 (Schedule C)	$ 226,445,000.00

(e) *An additional two-twelfths of*

Communications	Vote 5	
Environment	Vote 15 and 30	
Public Works	Votes 20, 30, 70 and 80	
Regional Industrial Expansion	Vote 35	
Secretary of State	Vote 30	
Transport	Vote 90 (Schedule D)	$ 118,331,784.83

(f) *An additional one-twelfth of*

Agriculture	Vote 15	
Communications	Vote 45	
Consumer and Corporate Affairs	Votes 1 and 5	
Employment and Immigration	Votes 15	
Energy, Mines and Resources	Vote 1	
Environment	Votes 1 and 20	
External Affairs	Votes 5 and 40	
Indian Affairs and Northern Development	Votes 30, 35 and 40	
Labour	Vote 5	
National Health and Welfare	Votes 10 and 45	
Public Works	Vote 10	
Secretary of State	Vote 10	
Solicitor General	Vote 1	
Supply and Services	Vote 1	
Transport	Votes 65 and 100	
Veterans Affairs	Votes 25 and 30 (Schedule E)	$ 555,806,877.58
		$10,358,774,745.49

Estimates Division
March, 1984

On motion of Senator Phillips, debate adjourned.

BUSINESS OF THE SENATE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before Senator Frith moves the adjournment motion, I would like to ask a question with respect to the order of business for tomorrow. Will Bill C-21, the borrowing bill, be up for second reading tomorrow? If so, where will it appear on the order paper; will it be the first item after Question Period?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not anticipate that we shall receive the borrowing authority bill. I made an inquiry with respect to it and I do not think we shall be getting it this week.

Senator Roblin: Thank you, that was my point.

Senator Frith: Honourable senators, since Senator Roblin has inquired, I expect that we will continue with second reading of the two appropriation bills tomorrow. I do not know of another order which will be debated. However, there may be others.

The Senate adjourned until tomorrow at 4 p.m.

APPENDIX

(*See p. 360.*)

EL SALVADOR

ELECTIONS—PRELIMINARY REPORT OF CANADIAN OBSERVER TEAM

San Salvador, March 26, 1984

INTRODUCTION

In response to the invitation by the Government of El Salvador, the Deputy Prime Minister and Secretary of State for External Affairs decided to appoint observers to the Presidential elections on March 25. The role of the observers was to report to him about the fairness of the elections and whether or not the elections were conducted responsibly within the context of generally recognized democratic sufferage.

Our mandate was to observe and report upon an electoral process and not to make assessments or judgements about the internal political situation in the country. Messrs Gould, Filleul, and Fairweather, assisted by Miss Howell and assisted by Mr. Mayne of the Canadian Embassy in San Jose, Costa Rica visited a representative number of polling stations in the Western and Eastern region of the country and also in the capital, both before and during election day. Without exception our freedom of movement was unimpeded, including unscheduled last minute changes in plans to visit voting places in outlying communities. During a visit to the headquarters of the central electoral council the observers were briefed by officials about the process for conducting the vote and reconciling the results using a sophisticated computer system. The results are to be verified by Deloite, Haskins and Sells, an internationally recognized firm of chartered accountants and management consultants.

THE VOTING SYSTEM

The foundation of the voting system for this election was a development of a new voters list of all persons 18 years of age and over. This was developed working with all available birth and death records from 1900 to February 27, 1984 and cross-checking these records with the 1982 voters list. In doing so duplication of names of both living and dead persons were eliminated from the old register and the new list containing about 2.47 million names was arrived at. Each of these names had a registration number which was the number of the person valid (cedula) or identification documents which contained his/her picture, fingerprints and places for placing a validation stamp at the time of voting.

Voters lists were prepared and arranged numerically in the three main voting categories. At the "municipal" level (261 locations) all cedula issued in the various municipalities were listed. At the departmental or provincial level (28 locations) the voters list comprised all the municipal list in that departmental area, and at the national level (16 locations) complete voters list including all municipalities and departments were included. The concept was that if a person was not living in the municipality where his/her cedula was issued, he/she could vote at the departmental level, and if he/she was not living in the same department—such as a displaced person—he/she could vote at the national level. In total 7,000 voting tables with ballot boxes—each box providing for a maximum of 500 ballots—were to be provided in these 305 locations.

To avoid multiple voting, once a person had voted, his cedula was stamped accordingly and his finger dipped into ink which could not be removed for at least 72 hours.

Although the new voters list contained about 2.47 million names this included persons who were not living in El Salvador (approx. 550,000) those living in areas of conflict where voting could not be carried out (approx. 100,000) and the armed forces (approx. 40,000) who were not permitted to vote. As a result, the forecast maximum number of voters was estimated at 1.8 million.

FOCUS

There was clear evidence of extensive effective motivation and commitment on the part of election officials to develop a "fool proof" voting system which would discourage and prevent fraud to the greatest degree. However, in attempting to achieve this objective, so many checks and balances were introduced in the system that its actual administration at the "grass roots" level became overly complex. This combined with a serious lack of logistical administrative planning and of training and leadership at the polls resulted in serious disorganization and confusion—especially during the opening hours at the polls—and in some cases throughout the day. At the "grass roots" level the extensive effort of local officials to resolve the difficulties and the patience and commitments of the population—some of whom stood in line in extremely hot and humid weather for hours on end (up to 10-11 hours)—in order to exercise their right to vote was clear evidence of the extent of the commitment to the electoral process of the greater part of the population. Few Canadian electors would have been so patient in similar circumstances. The atmosphere at the voting points, as assessed by the Canadian observers, was therefore positive in most respects, and this impression was reinforced by the fact that no visible attempts were made to coerce or influence the choice of voters. This comment applies equally to voting officials, party representatives and military guards. The latter were stationed at the entrance to polling stations or immediately outside, but in no cases close to voting stands.

Every vote we saw cast was done in such a way as to be impossible to see how the ballot was marked. Thus the integrity of the ballot appeared to be as total as had been intented. While the organizational overkill described above undoubtedly hampered the voting process and reduced the number of ballots cast, it did produce the bonus of balloting which was largely or almost entirely protected from fraud. Scattered incidents of fraud of which we heard were not so extensive as to inhibit or prevent the people from exercising their franchise. As we believe that most of the difficulties encountered so far were of an administrative nature, given our impression of the high level of commitment on the part of officials involved, we foresee it will be possible to adjust the system so as to resolve many of the more serious problems that arose.

We would not wish to minimize the very serious deficiencies which we observe and which were reported to us. These did have a significant impact on the smooth running of the election process and resulted in the disfranchisement of some thousands of voters. However, until final official figures on the result are available we cannot provide a specific judgment on the extent to which these factors effected or distored the overall results. However, if the number of votes exceed one million, it will be our conclusion that the results of the election broadly reflect the wishes of the people of El Salvador. At the time of writing, it is generally anticipated that a second round will take place in 4-6 weeks time.

R. G. FAIRWEATHER, F. M. FILLEUL AND R. A. GOULD

With respect to this final paragraph, the observer team will report to the Deputy Prime Minister and Secretary of State for External Affairs their final judgment when the overall results have been released.

THE SENATE

Wednesday, March 28, 1984

The Senate met at 4 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

PRIVATE BILL

UNITED GRAIN GROWERS LIMITED—BILL TO AMEND ACT OF INCORPORATION—REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, March 28, 1984

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill S-10, intituled: "An Act to amend the Act of incorporation of United Grain Growers Limited" has, in obedience to the Order of Reference of Thursday, March 15, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW
Chairman

THIRD READING

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

Hon. Sidney L. Buckwold, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to, and bill read third time and passed.

APPROPRIATION BILL NO. 4, 1983-84

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Olson, P.C., for the second reading of the Bill C-27, intituled: "An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984".—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, this is the third set of supplementary estimates that we have had for this fiscal year and, as has already been pointed out, the total is $5,832,502,744. You may think that supplementary estimates are not a large item in the federal budget. Last year there was a deficit of $30 billion, and supplementary estimates (A), (B) and (C) accounted for 20 per cent of that deficit.

Last evening Senators Doody and Roblin dealt at length with one of my favourite topics, the Canadair fiasco. Both honourable senators gave thorough explanations of the problems past, present and future. Senator Frith, complete with sound effects—and at times I thought I saw a few strobe lights, too—attempted to defend the position of the government on that matter.

Hon. Jacques Flynn (Leader of the Opposition): He did the best he could.

Hon. Martial Asselin: It was a bad case.

Senator Phillips: It is difficult to defend pouring $3.5 billion down the drain. That is what it amounts to when the loan guarantee, the equity and interest are taken into account. It amounts to $3.5 billion being poured down the drain.

But Senator Frith must have felt a little twinge of conscience— and I never saw him exhibit that before—because he admitted that there were problems and he dissociated himself from the optimistic and arrogant view exhibited by the minister responsible for the CDIC. I must tell him that I appreciate that attitude and hope we see more of it from him in the future.

Senator Roblin in particular referred to the fact that the new Gulfstream IV and the Falcon 900 jets are now on stream and that the Challenger will have to be modified to meet the sales competition from those two aircraft. I was pleased to hear that the committee recommended that there be no further government expenditures with respect to modifying the Challenger without parliamentary approval.

One point that was overlooked last evening was the fact that Canadair has been reduced in its capacity or, as they like to say, has been "retrenched". The company originally was tooled to produce 80 aircraft per year; that has been reduced to 30 aircraft per year; and now they are hoping—just hoping—to sell 15 aircraft per year. The company is working at 20 per cent of its capacity and has approximately 40 per cent of its work force employed. Normally, a situation such as that would cause me some concern; however, in this case I say, "Thank God," because we cannot afford to have that company working at full capacity.

We have subsidized the Challenger to such an extent that I am afraid one of these days our trading partners are going to

complain to GATT that we are dumping the thing on the foreign markets.

Last weekend in Toronto, at a gathering of the Liberal leadership hopefuls, the Minister of Justice stated that the government had no place in the boardrooms of the nation. I wish he had told that to his cabinet colleague several years ago, because we would have saved $3.5 billion.

The Minister of State responsible for the CDIC has come up with a rather novel, perhaps unique and almost fraudulent method of solving the debt problem of Canadair. The new company receives the assets, if any, and the old company, without any means of repaying the liabilities, assumes the staggering debt of that company.

• (1610)

I have tried to see the logic of this situation. If Senator Frith, who admits that he is a learned and intelligent individual, maintains that there is logic in this, I should make an effort to see it. Senator Austin, who says he is a five-star genius, can see the logic. I have tried very hard, honourable senators, but, unfortunately, I am among the 99 per cent of Canadians who can see no logic in that regard.

I am often pained, hurt and even discouraged when I hear my three colleagues who are cabinet ministers being described as "the three stooges." I think that description is rather unfair and unkind because they do have an influence. They must have had an influence in establishing Canadair.

Senator Olson, you may recall, was at one time a member of the Social Credit Party.

Senator Asselin: Was he?

Senator Phillips: I am thinking now of the description of the late Right Honourable John Diefenbaker, who said that he did not believe in interest until he bought his striped trousers. Senator Argue also visited the tailor, and he crossed over but continued to advocate public ownership. Now we have the public ownership and the interest-free grants given to Canadair. Well, at least two of the three are exercising some influence.

Last evening I heard Senator Frith ask who wanted Canadair.

Hon. Royce Frith (Deputy Leader of the Government): Make us an offer.

Senator Flynn: One you can't refuse.

Senator Frith: If it's a good one, we won't!

Senator Phillips: I am reminded of a conversation that took place when I was in the other place. There was a rather tall individual nicknamed "Tiny," who was an MP from the Toronto area. Tiny Cathers was advocating to Howard Green one day that we should be selling off certain crown corporations. Howard said to him, "Why would you want to sell those? They're making money." Tiny looked at Howard and said, "My God, Howard! Don't you know you can't sell a business unless it is making money?" I wish someone would tell that to Senator Austin when he talks about privatizing Canadair.

I have tried applying to other situations the financial philosophy that was developed in this case. In fairness, it has some rather interesting possibilities. Take the case of a farmer who owes the Farm Credit Corporation half a million dollars but cannot repay it. Now, if he can afford the legal fees, all he has to do is set up two corporations, and he can have one corporation for the farm and all the liabilities and he can hold the other corporation for himself, sell the cash crops and keep the income, because, after all, the money came from the Farm Credit Corporation which, in turn, got it from the taxpayers. It is exactly the same situation as exists with the CDIC, for which Senator Austin is responsible.

The same situation applies to a fisherman. He can set up a corporation for the purchase of his boat and a new corporation for himself. The boat can pay the loan off; he can sell the fish and keep the income. The mortgage holder with a home purchased through the Canada Mortgage and Housing Corporation can do the same thing. Why should he be strapped with monthly mortgage payments when he can set up two corporations, the old company for the home and a new company for the individual living in the home?

I decided to try to carry that policy through to its logical conclusion, that is, if you can carry an illogical procedure through to a logical conclusion. The national debt will total $200 billion at the end of this fiscal year. At a rate of 13 per cent, the interest on that is $26 billion per year, which, incidentally, honourable senators, is almost the amount of our deficit. I thought: Why not do the same thing as we did with Canadair—transfer the national debt to the CDIC so that we will pay no interest and save one out of every three tax dollars collected?

I am rather reluctant to make that suggestion to the Senate because Liberal leadership candidates are all looking around for new programs, and I am wondering which will be the first to adopt this proposal.

Senator Flynn: Were Senator Olson running, he would.

Senator Phillips: I noticed that Senator Olson is offering his support to the Minister of Energy, Mines and Resources, so it is quite possible that he will pass that suggestion on to Mr. Chrétien later today.

Senator Flynn: He will have time to reflect.

Senator Phillips: Last evening reference was made to the Post Office item in the supplementary estimates. The explanation given is that $170 million is for infrastructure costs relating to cultural mailings. Honourable senators, normally I think about an infrastructure as being roads and communication systems. I wondered if the Post Office was building roads, but I decided that they could not be because they would never get them completed; they would never get the asphalt laid. I decided that "infrastructure" must mean something else. I asked myself how many cultural mailings would require an expenditure of $170 million and how many magazines would come under the heading of "cultural mailings."

Recently, Post Office lobbies have been converted into centres for goods being delivered by Consumers Distributing, a company which imports and sells an awful lot of inexpensive goods. It imports them from various countries, so the thought occurred to me that the use of the term "cultural mailings" means that the outlook of Canadians is being enlarged because goods from Hong Kong and various other low-labour-cost countries are being purchased.

Honourable senators, I would not want to pass over the supplementary estimates without referring to the Department of Justice, vote lc—$1.670 million for operating expenses. However, the most interesting part is that provides nb19 man-years,br which is $88,000 per man-year. I know there are a great many Liberal candidates who want to find a safe haven before an election is called, and I am wondering whether the Department of Justice is being opened up for these people. No one ever gets a salary of $88,000 except a defeated Liberal candidate, so that must be where these people are going.

• (1620)

The restructuring of the Atlantic fisheries is mentioned. Honourable senators will recall that there was some urgency to complete this item. The Chairman of the Standing Senate Committee on Health, Welfare and Science, as it was then known, was calling committee meetings at midnight because we had to have this corporation in place to save the Atlantic fisheries.

About a year and a half ago, the Japanese developed a technique whereby they could take a cheap fish, Alaska pollack, shred it and treat it with egg-white and flavouring and then press it into the shape of a scallop or a shrimp, and I believe now they are producing lobster meat and crab meat in the same fashion. These products sell at half the price of the natural fish, and this product is now being imported into Canada. I shall give you one guess as to who is importing it: National Sea Products, the company which the federal government invested in so heavily in order to keep the fisheries going. National Sea Products is importing this artificial or synthetic fish to compete with an already depressed industry in Canada. Sometimes one wonders whether the government really knows what it is doing. They are the major shareholder in National Sea Products now; they appoint directors to the board of directors; and they told us at the time that they had every possible control of the company they would need. Now we find that National Sea Products is importing synthetic lobster to compete with Senator Bonnell's plant.

I notice that the Department of Fisheries and Oceans vote also contains an item of $2,670 for the Kirby Task Force. I have noticed Senator Kirby with a very contented smile in this chamber, and I always thought he was contented because he was in this chamber. Now I realize that he is smiling because he is getting his back pay and his back expenses for that royal commission.

The Agriculture vote 15c requires some explanation, I think. We find that $45 million of the previous vote was unused, and then there is an item for some $86 million under the same heading. I wonder if the sponsor of the bill could tell us why we have two votes, one increasing the amount paid under the Agricultural Stabilization Act and another reducing the amount paid under the act by $45 million. Perhaps somebody is trying to create the impression that they are voting more money.

External Affairs vote 11c is not a very big item. It is the payment of $17,280 (U.S.) which, in January of this year, required $21,514 (Canadian) for payment. Since then, the value of our dollar has gone down, and I would ask the government to hurry and pay that item before we have to vote another supplementary estimate on it.

The Energy, Mines and Resources vote 20c is in the amount of $49.5 million for oil pricing and compensation. I find this rather interesting because oil prices in Canada have increased—certainly at the gasoline pump; it costs the consumer more—and oil prices internationally have declined. Yet, we find the Department of Energy, Mines and Resources asking for a further $49.5 million.

Senator Frith: I am sorry, what is the vote?

Senator Phillips: Vote 20c. Surely, that department must have had some idea of what was happening in the international market with respect to oil prices?

The Canadian Transport Commission, vote 1c: $725,000 operating expenses. As honourable senators will recall, the present Minister of Transport removed the passes for airlines, a concession previously enjoyed by members of the Transport Commission. I am wondering if $725,000 will go to pay for the trips that commissioners and their wives take to delightful spots like the Caribbean and Hawaii.

Honourable senators, I would like to be able to say that this is the end of the estimates for 1983-84, but, unfortunately, no one can say that, because of the size of the deficit and the high interest rates Canadians will be paying for years to come. The 13 per cent interest on that deficit will continue to be paid by our children and their children in respect of the estimates for 1983-84, including the supplementary estimates before us today.

Senator Frith: Honourable senators—

The Hon. the Speaker *pro tempore:* I remind honourable senators that if the Honourable Senator Frith speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Frith: Honourable senators, one of the recurring enjoyments of presenting and dealing with what is essentially a pretty dull business—although an important business in large figures—is the fun that Senator Phillips always has with the appropriations bills. On behalf of other senators, I want to say that we appreciate the fun that he has and we enjoy that with him. He uses these occasions as a sort of tremplin for various comments on taxes and general observations, usually directed to the performance of the government. In most cases, his reviews of government performance are not what in show business would be called "rave reviews".

I would like to cover a couple of points raised by Senator Phillips. However, since I am, of course, properly limited to reply at this state, I do not want to re-start what was an equally enjoyable debate last night.

Senator Flynn: Are you referring to your speech?

Senator Frith: I certainly enjoyed making it. Whether it, in turn, would get rave reviews remains to be seen and will probably never be known.

The first point I would like to make is that I thought I heard Senator Phillips say that at some point I had dissociated myself from some positions taken by Senator Austin, the minister in charge of Canadair. If I did that, it was not with any intention to dissociate myself from Senator Austin or his position. In fact, what I was attempting to do was to present my understanding of his and the government's position on Canadair and de Havilland and, in particular, my understanding of why the government was required to answer the question of what should be done and whether, in effect, the industry should be saved, and, if so, how we should do it. We saw last evening that there were differences of opinion on the answers to those questions.

• (1630)

As to the question raised about the $170 million on infrastructures for cultural programs for the Canada Post Corporation, I am still unable to give any further detail, but I understood Senator Doody to say last evening that Treasury Board officials had undertaken to give more detail to the committee on that matter.

Senator Asselin: Senator Guay asked for more detail.

Senator Frith: Yes, and I explained to Senator Guay last evening that the Treasury Board officials had undertaken to give a detailed explanation regarding the infrastructures for the cultural programs, and that seemed to satisfy Senator Guay for the moment.

I doubt very much that the information will satisfy any expectations Senator Phillips has with respect to the building of roads, but we will have to wait and see.

The question of the Atlantic fisheries was explained to the committee, and, so far as I am able to understand, all of the questions raised by Senator Phillips with regard to vote 15c under Agriculture, vote 40c under Energy, and vote 55c with respect to the Canadian Transport Commission, were answered in the committee. The answers to those questions can be found by referring to supplementary estimates (C) and the report of the committee.

I, therefore, ask honourable senators for their support on second reading of this bill.

Motion agreed to and bill read second time, on division.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to, and bill read third time and passed, on division.

APPROPRIATION BILL NO. 1, 1984-85

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Petten, for the second reading of the Bill C-28, intituled: "An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985".—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, I found the last budget to be most confusing, but this appropriation bill is even more confusing.

Senator Frith and I have had discussions concerning clause 2(b) of the bill. What was intended to be $127 million has, through a typical typographical error, turned into $12 million. I leave that to the disposition of the Senate. We can pass the bill in its present form or have it corrected.

In his remarks last evening Senator Frith gave us the usual assurance that interim supply would not restrict a senator's right and privilege to question any of the expenditures listed in the estimates. I think it would have been more appropriate had Senator Frith reminded honourable senators of their responsibility to conduct a detailed examination of the estimates. A detailed examination of the estimates is especially essential this year because the government is persisting in its determination to destroy the Canadian dollar and the Canadian economy. The Grits seem to love the unemployed, and the more unemployed they can create, the more loving they become. That seems to be their philosophy.

Hon. H. A. Olson (Leader of the Government): Your imagination is running away with you again.

Senator Phillips: Honourable senators should take a look at some of the disturbing aspects of the government's spending. The federal government is spending $12 million an hour, every day and every night. I understand that Royal Assent is scheduled for this evening, and if the usual pattern is followed, there will be a reception held in the Speaker's quarters afterwards. If honourable senators can last for an hour at that reception, the government will have spent $12 million; if they can hang on for two hours, the government will have spent $24 million, and that should just about sober up anyone.

This is the time of year when Canadians file their income tax returns. When the Canadian taxpayers are calculating their taxes, I hope they recall that one-third of their income tax goes to pay interest on the national debt. Currently, the government is running ahead of its budget. There is a toll-free number one can call to obtain information—biased informa-

tion, of course, because it is the government's viewpoint—on the budget. If the government is doing that for the budget, why not have a toll-free number so that taxpayers can ask how much of their income taxes go to pay interest on the national debt? I think that that would be a far more busy line than the one listed for budget information.

Senator Olson: Ask that question and you will receive an answer.

Senator Phillips: I mentioned in my remarks on the previous order that by the end of this year the national debt will have reached $200 billion. Honourable senators, when John Turner and Pierre Trudeau started deficit financing, the total debt was only $17 billion, but since then the debt has taken off far faster than the Challenger ever has.

Hon. Martial Asselin: You will have to explain that.

Senator Phillips: We are all familiar with the weekend habit of Liberal M.P.s visiting their ridings and handing out cheques which they expect eventually to turn into votes. One of these days I hope that some Liberal M.P. will be honest enough to deliver part of the funds by cheque and the balance by way of an IOU, because the government is spending $1.50 for every $1 it collects. So, if an M.P. is handing out $6,000 over a weekend, he should give a cheque for $4,000 and the remaining $2,000 by way of an IOU. He should tell his constituents that the government has not collected the $2,000 yet.

Hon. Jacques Flynn (Leader of the Opposition): That will come in due course.

Senator Phillips: Yes, it will come sometime down the road.

Honourable senators, I am an impartial observer of the Liberal leadership race. I enjoy listening to the news comments, but I do not have any real favourite. I do not dislike any one of them enough to wish them success, because one would really have to hate someone to hope that he inherit this mess.

I am surprised at the wisdom the candidates display out on the road and how that dims when they get into the cabinet chamber, because they all have different views out on the road from the ones they have here on Parliament Hill.

The Minister of Justice, one of the earlier candidates, advocates reform of the government's economic policy. If it is working as well as the Leader of the Government in the Senate has said, why would the minister want to reform it? He further indicated that he does not like deficits and that they have to be eliminated. I wonder where he was when this budget and the previous budgets were approved. I have checked through earlier *Hansards* and I cannot find any indication that he ever opposed even one deficit budget. He didn't even condemn one, let alone oppose it, but now he does not like this budget—and, frankly, I don't blame him.

● (1640)

Hon. Royce Frith (Deputy Leader of the Government): Whom are you talking about?

Senator Phillips: The Minister of Justice.

[Senator Phillips.]

Senator Olson: You have to be careful about that interpretation.

Senator Asselin: These are the facts.

Senator Phillips: I should now like to refer to the Minister of Energy, Mines and Resources, the candidate with the Social Credit campaign manager. He also is disturbed by the size of the deficit. Yet, if we look at the budget for his department we find that there is $8.1 billion for petroleum incentive grants. The forecast for 1986 is $12 billion. It seems a strange way of trying to reduce a deficit, having a 30 per cent increase in a two-year period. As some of you will recall, he was also a Minister of Finance. I know that Senator Olson does not like to recall this, but when Mr. Chrétien was Minister of Finance his budgets had deficits. He has now changed and reformed, and that must have something to do with the good influence of Senator Olson.

The Minister of State for Economic Development does not like deficits either. He says that they are ruining the economy. I did not know that anyone in the other place listened to me, but I am quite pleased that every Liberal candidate agrees with me that deficits grow out of proportion, and I give them credit for listening to me. The Minister of State for Economic Development goes one step further, because he questions universality; he is going to remove the benefits of family allowance and old age security for the Prime Minister. But, when I heard that the Prime Minister had lessened his duties yesterday, I thought that that would teach him a lesson and that he would not take away the family allowance and the old age pension at the same time.

Two of the other candidates, John Roberts and John Munro, do not like deficits either, but they are really not in the running. In golf tournaments they refer to these people as the rabbits. They are just there competing for the sake of competing.

Mr. Turner has really benefited from his exile, because he says that he knows firsthand from experience now what deficits do for the economy. He has seen the wreckage his budget and succeeding ones have caused, but he is now reformed and he is going to have a balanced budget.

Mr. Axworthy does not want a deficit and he is supporting Mr. Turner. Herb Gray, the President of the Treasury Board, is supporting Mr. Turner and he does not want a deficit. Mr. Regan, the Minister of State for International Trade, does not want a deficit either and he is also supporting Mr. Turner. Even the minister of the slush fund in Quebec, Mr. Ouellet, is supporting Mr. Turner.

Senator Flynn: If there is someone from Quebec supporting Mr. Turner, it must be him.

Senator Phillips: Mr. Ouellet does not want a deficit either. That leads me to the following questions. Who is supporting this budget? Who approved the budget in the first place? There are only two people I can think of, and they are the Prime Minister and the Minister of Finance, because everybody else seems to be opposed to deficits and, therefore, opposed to this budget. I find it rather strange that, although

so many people in the other place voted for the budget, since that snowstorm in February they have all suddenly changed their viewpoint and now agree that we should not have a deficit. It is unfortunate that I missed that snowstorm, because it must have been a real humdinger.

I was rather disappointed that the Minister of Finance did not enter the race. Then I realized that he could not be a candidate, because, while all the other candidates are opposed to deficits, he was the one who introduced three of the biggest deficits we have ever had.

There is a very interesting aspect to this opposition to deficits. I am assuming that the Prime Minister will resign shortly after the new Liberal leader is elected. I hope that he will not be like Mackenzie King and stay until the fall; but, going on the basis that he resigns before June 30, what happens then, honourable senators? We will then have a leader who has repudiated the budget and does not like the deficit, so he will have only one alternative—namely, a new budget. Why approve this budget, when we are going to have a new one in June? Of course, that could have certain benefits. At the moment we do not know whether the Canadian dollar is going to sink or just go down part way. It certainly is not floating. The change in the rate of the dollar is very expensive to the taxpayers. The Bank of Canada has made a life preserver out of million-dollar bills and is trying to keep the dollar up with that. We cannot afford to do that forever. A new budget might help bring the dollar back up to the 80 cent level where the Minister of Finance has said that it should be.

You may think it rather odd to mention the unfortunate drop in the dollar in respect of the estimates, but, if the dollar goes down, in adverse proportion, so do interest rates and inflation. The federal debt is so huge that the government is hit hardest by increased interest rates. It is no longer only the farmer, the fisherman and the homeowner who are affected, because now the government is in such a mess that it cannot raise the interest rates without upsetting its own estimates. That makes these estimates irrelevant, because interest rates are going up.

Some of the items set out in the bill call for six-twelfths and eight-twelfths of the year's supply. There is no need for any item going beyond June 30. With a new leader there will be a new budget. Let us give supply to the end of June to accommodate the present government, and then we will hear what the new Prime Minister has to say. I am sure that he will want to reduce these estimates in order to balance the budget.

An interesting thought occurred to me when I was preparing these notes. In that the House of Commons is not listed among those establishments receiving any more than three months' supply, am I correct in understanding that the House of Commons will not exist after June 30, and that that is why it is only receiving three-twelfths of its supply? I would ask the sponsor of the bill to indicate whether the House of Commons is going to be dissolved at the end of June or whether we will receive a new budget. I would prefer dissolution, because Canadians want dissolution and because that way we would have a new budget and I would get both my wishes in one throw.

• (1650)

Senator Frith: Honourable senators—

The Hon. the Speaker *pro tempore:* I have to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading.

Senator Frith: Honourable senators, again with an appropriation bill before us, we have the opportunity to hear philosphical pronouncements on the approach of the government and the approach of the opposition on some of these financial matters. We are pleased to know that, apparently, according to Senator Phillips, that group of influential persons who listen to him is growing wider and wider. On these occasions we are always glad to have an opportunity to hear the problem-solving approach the opposition takes to these questions, as expounded for us by the Senate economic opposition guru, Swami Phillips.

Senator Olson: He speaks for the opposition.

Senator Flynn: In the same way as Senator Frith speaks for the government.

Senator Frith: As Senator Phillips has said, I agree that the undertaking does give rise to a duty for senators and members of Parliament generally to examine carefully the estimates when they come along. The very reason for asking for interim supply is to give the committees an opportunity to do that.

Since there are obviously some basic philosophical and practical differences between the approach of the opposition and the approach of the government to some of these questions, let me briefly explain what I understand the government position to be. It is quite true that members of the government, including those in the leadership race, are against deficits and are concerned and worried.

Senator Asselin: Except Mr. Chrétien.

Senator Frith: I think there is no question that at the time the budget was introduced the minister himself said that the size of our deficit and, because of its consequential effects, the size of the United States deficit are of great concern to this government. However, it is not possible to have it both ways. Senator Phillips speaks of the deficit and attempts to slay that dragon by setting it up, but he drops the challenge and turns to the question of jobs, not making the irresistible and inescapable connection that a reduction of the deficit, as it presently stands, is going to have a very serious effect on jobs.

At the same time, he also overlooks the basic principle—and this is a philosophical difference—that Liberals find they can come forward with a program or programs and be proud of their record while never being satisfied that they cannot do better.

Senator Flynn: I can understand that.

Senator Frith: That is right. Senator Flynn and Senator Asselin understand that, but I am not so sure that Swami Phillips understands it. The philosophy of the Liberal Party is

that it is never satisfied and that there is always room for improvement. It is interesting that, over the years, not only Senators Flynn and Asselin have understood that. The people of Canada, by returning Liberal governments more often than any other, apparently also understand it.

Senator Flynn: The only problem is that they have no memory.

Senator Frith: Just because the people of Canada do not vote for the Conservative Party, it does not mean that they do not understand that the Conservative Party agrees and understands that the Liberal Party always feels, no matter how well it does, it can always improve.

Senator Flynn: There was a big lie about the price of gas.

Senator Frith: If the fact that the people of Canada have elected Liberal governments more often than Conservative governments is a lot of gas, then there is a lot of gas in the history books. Perhaps we can do something about that to bring down the cost of natural gas.

Honourable senators, with reference to the added proportions and the question of interest rates, of course the Government of Canada is concerned about the rise in interest rates, but the government position and, I think, the truth—as I think all Canadians understand—is that at the present time there is no real domestic reason for interest rates to be rising. We have an excellent trade surplus; an economy performing not as well as the Americans' but certainly improving; and there is no domestic economic reason for the interest rate to be rising.

If it is possible to have a domestic interest rate policy that is totally divorced from the pressure of American interest rates, then I suppose we will hear from the opposition, but they are not going to tell us what that solution is until they are elected. They are not going to tell us what they would do about Canadair, de Havilland or the whole aircraft industry. They are not suggesting any kind of program; they are keeping their coat totally buttoned up and are saying nothing about what they would do, until they are elected. Then, we say to the people of Canada, it will be too late.

Honourable senators, there are reasons for all the added proportions—that is, going beyond the three-twelfths. Although there are individual explanations, in all cases, the reason is that undertakings and commitments have been made that require the voting of interim supply to cover a period beyond the three-twelfths. If honourable senators have concern about any particular item, I do have an explanation for each additional proportion that goes beyond the three-twelfths.

On the question of why the House of Commons is not asking for an additional proportion, my information is that in no case had it made commitments of the type requiring additional proportions. I suggest that Senator Phillips should not draw any inferences about the dissolution of Parliament from the fact that the House of Commons is not asking for an additional proportion.

Honourable senators, I ask for support of this bill on second reading.

[Senator Frith.]

Senator Phillips: Honourable senators, I should like to direct a question to the Deputy Leader of the Government. I am disappointed that he cannot give any assurance regarding June 30. I will settle for dissolution or a new budget.

He seemed to be attempting to create the impression that the deficit is there to create jobs. When the accumulated deficit was $17 billion, 328,000 were unemployed. At the end of this fiscal year the accumulated deficit will be $200 billion, and we have two million unemployed. Can he honestly demonstrate how the deficit is helping the unemployed?

Senator Frith: Honourable senators, there are two aspects to that question. In the first place, I did not say that the deficit is in place for the sake of jobs, but I could have. The fact is that a good portion of the deficit is for the approximately 400,000 jobs that have been created by this government. What I did say, and stick by—and what, on examination, I think Senator Phillips will have to agree to—is that if a sharp cut in the deficit were taken now, it would have an effect on jobs and would increase the number of unemployed. That is a fact. It is also a fact that a good portion of the deficit is there for the specific purpose of job creation, and it is succeeding in doing that.

• (1700)

Senator Asselin: When it goes one way, it is your doing; when it goes the other way, it is the fault of the Americans.

Motion agreed to and bill read second time, on division.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(l)(b), moved that the bill be read the third time now.

Motion agreed to, and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

28 March 1984

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 28th day of

March, 1984, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that Order No. 3 be adjourned until the sitting of the Senate on Tuesday next, April 3.

With respect to Order No. 5, I do not know whether Senator Flynn is intending to proceed today.

Hon. Jacques Flynn (Leader of the Opposition): No, not today.

Senator Frith: Senator Macdonald, am I right that all the orders down to Order No. 10 stand?

Hon. John M. Macdonald: That is correct.

Senator Frith: With respect to Order No. 11, honourable senators, I ask that that order be adjourned in the name of Senator Anderson, if that is satisfactory.

Hon. Senators: Agreed.

Senator Frith: Then all remaining orders stand.

Honourable senators, I now move that the Senate do adjourn during pleasure, to re-assemble at the call of the bell at approximately 5.45 p.m.

Hon. Daniel Riley: I wish to point out to the Deputy Leader of the Government in the Senate that the House of Commons division bells are now ringing. What will happen if the vote takes place beyond 5.45 p.m.? Will we proceed with Royal Assent at that time, in any event?

Senator Frith: Honourable senators, obviously they are calling their vote earlier than normally is the case, since usually they call the vote at 5.45 p.m. I was told earlier today that the vote today and tomorrow in the House of Commons would both involve a 15-minute bell. In that event, they should have their vote completed in time for Royal Assent.

The Senate adjourned during pleasure.

ROYAL ASSENT

POSTPONEMENT

The Honourable Antonio Lamer, 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:

The Hon. the Speaker *pro tempore* commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that house that:

> It is the desire of the Honourable the Deputy of His Excellency the Governor General that they attend him immediately in the Senate Chamber.

The Honourable Deputy Governor General was pleased to retire.

At 6.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

The Honourable Antonio Lamer, Deputy Governor General, having come and being seated at the foot of the Throne, and the Gentleman Usher of the Black Rod having returned from the Commons:

The Hon. the Speaker *pro tempore* addressed the Honourable the Deputy Governor General as follows:

> May it please Your Honour:
>
> I am advised that the sitting of the House of Commons has been suspended until tomorrow.

The Honourable Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(l)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Thursday, March 29, 1984, at 12.30 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I am advised that the opposition in the other place, through its whip, has told the government whip and the government house leader that they will not be voting today on the question before them, which question, I believe, relates to the borrowing authority bill. That

is why the sitting has been resumed without Royal Assent having taken place.

I am also informed that the vote is not likely to take place until 11.15 tomorrow morning. The bells have actually stopped ringing in the other place, but are deemed to be still ringing.

Therefore, we have an agreement with the other place that we will endeavour to have Royal Assent to Bill C-27, being Appropriation Act No. 4, 1983-84, and Bill C-28, being Appropriation Act No. 1, 1984-85, at approximately 12.45 tomorrow afternoon. It is in order to allow the committees that have scheduled meetings for tomorrow morning to hold those meetings that I suggest we adjourn until 12.30 p.m., to have Royal Assent at 12.45 p.m. We can then resume our sitting at 2 o'clock in the afternoon, if we so wish.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, that is a scenario that is quite likely to be the correct one. However, I point out that it was the Speaker of the House of Commons who decided that the bells will ring again tomorrow morning. It is his decision that forces us to adjourn until tomorrow morning. I agree that we can adjourn until 12.30 p.m. tomorrow and have Royal Assent at that time, because at that time the House of Commons will be in a position to receive the Messenger of the Deputy Governor General. The point is that it is not necessarily the fault of the opposition whip that they will not vote until a quarter to eleven tomorrow morning. It was their Speaker who decided that.

Senator Frith: Yes, that is quite correct. I was not attributing fault. I was merely stating the fact that the opposition whip did inform the government whip and the government house leader that they would not be voting this evening. As Senator Flynn has said, it may be that they will not be voting tomorrow either. We will find that out before we send anyone down to see them tomorrow.

This has resulted from the opposition whip's saying that they will not be voting today, but, as Senator Flynn has said, the actual decision about the bell was made by their Speaker and not by the whips.

That is the reason, honourable senators, why this unusual proceeding has taken place.

Hon. Henry D. Hicks: Honourable senators, I observe that there are some luncheon meetings of some importance set down for tomorrow. The Canada-U.S. group is due to meet at 12.15 p.m. The members of Committee III are required to attend. I agree that that means only three or four senators, but a change in the hour of sitting of the Senate tomorrow does disrupt those meetings.

What is the advantage of meeting at 12.30 rather than at 2 o'clock, and having Royal Assent at any time thereafter?

Senator Frith: It is because, honourable senators, it is normal for us to have Royal Assent 15 minutes before the other place adjourns, which means that we have Royal Assent at either 12.45 p.m. or 5.45 p.m., and in this case I have chosen 12.45 p.m.

I think we will manage to muster a sufficient number of senators for Royal Assent, despite the fact that the members of the Canada-U.S. group will be absent. I am sorry that this arrangement disrupts their plans, but we will try to get along without them.

Senator Hicks: I am devastated to think that the Deputy Leader of the Government in the Senate can get along without me, but I have to admit that he is probably right.

Motion agreed to.

The Senate adjourned until tomorrow at 12.30 p.m.

THE SENATE

Thursday, March 29, 1984

The Senate met at 12.30 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 29, 1984

Sir,

I have the honour to inform you that the Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 29th day of March, 1984, at 12.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Roland A. Ritchie, 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 Speaker:

The Honourable Lloyd Francis, Speaker of the House of Commons, then addressed the Honourable 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 Government of Canada for the financial year ending the 31st March, 1984.

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985.

To which bills I humbly request Your Honour's assent.

The Honourable Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, April 3, 1984, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I simply want to put on the record that we have no questions today. There would have been one on the sports pool but Senator Perrault is not in a position to reply at this time.

Hon. Royce Frith (Deputy Leader of the Government): That does not mean we would have been at a loss for an answer.

Hon. Martial Asselin: You may be sure I will have some next week.

[*English*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO EXAMINE VETERANS AFFAIRS EXPENDITURES IN ESTIMATES

Hon. Jack Marshall, pursuant to notice of March 15, 1984, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the expenditures pertaining to Veterans Affairs set out in the Estimates laid before Parliament for the fiscal year ending March 31, 1985.

On motion of Senator Marshall, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Watt has asked me to inform the Senate that on Thursday next he will move the motion standing in his name.

The Senate adjourned until Tuesday, April 3, 1984, at 8 p.m.

THE SENATE

Tuesday, April 3, 1984

The Senate met at 8 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

BORROWING AUTHORITY BILL, 1984-85

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-21, to provide borrowing authority.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

PROHIBITED DEGREES OF MARRIAGE BILL

FIRST READING

Hon. Richard J. Stanbury presented Bill S-13, to consolidate and amend the laws prohibiting marriage between related persons.

Bill read first time.

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

Senator Stanbury, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (GERALD HARVEY FUDGE AND AUDREY MARIE SAUNDERS; LOUIS PHILIPPE NADEAU AND MARIE THÉRÈSE RITA BRULÉ; ERNEST HODEL AND NORMA DORA LAURIE; BENJAMIN JOSHEPH ANDRADE AND HEATHER WINNIFRED ANDRADE; JUAN ANDRADE AND EMILIA RODRIGUEZ; HENRI PATRY AND ALDÉA BÉA PITT; JOSEPH ROLAND RÉJEAN DAOUST AND MARIE LISE SYLVIE GIRARD; AND PEARL KIM LEE AND THOMAS SIEGFRIED WIELAND)— REPORTS OF COMMITTEE

Hon. Nathan Nurgitz, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the second to ninth reports of the committee, reporting Bills S-2 to S-9, inclusive, without amendment.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, would it be appropriate to have these reports dealt with en bloc?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* When shall these bills be read the third time?

On motion of Hon. Fernand-E. Leblanc, bills placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

APPEARANCE OF PROVINCIAL MINISTERS OF HEALTH BEFORE STANDING SENATE COMMITTEE

Hon. M. Lorne Bonnell: Honourable senators, as Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, I should like to make the following announcement. At 4 p.m. tomorrow, in room 250 in the East Block, history will be made in that while conducting a pre-study of Bill C-3 the committee will hear from the following: the Honourable David Russell, Minister of Hospitals and Medical Care, Alberta; the Honourable James A. Nielsen, Minister of Health, British Columbia; the Honourable Charles Gallagher, Minister of Health, New Brunswick; the Honourable Gerald Sheehy, Minister of Health, Nova Scotia; Mr. Gerald White, Director, Health Policy, Newfoundland; the Honourable Keith Norton, Minister of Health, Ontario; the Honourable Albert P. Fogarty, Minister of Health and Social Services, Prince Edward Island; the Honourable Pierre-Marc Johnson, Minister of Social Affairs, Quebec; the Honourable Graham Taylor, Minister of Health, Saskatchewan; and the Honourable Andy Philipsen, Minister of Health and Human Resources, Yukon Territory.

I would ask all honourable senators, if they have time, to attend that meeting so that they can meet the ministers and welcome them to the Parliament of Canada where, for the first time, they will all gather together to give their views on this important piece of legislation.

Hon. Jacques Flynn (Leader of the Opposition): What provinces will not be represented?

Senator Bonnell: The Province of Manitoba will not have representatives at the meeting tomorrow because the Minister of Health for the Province for Manitoba appeared before the committee last week.

Senator Flynn: The room that the meeting is to take place in is what was at one time called the "Summit Room," is it?

Senator Bonnell: The meeting will be held in room 250 in the East Block.

Senator Flynn: That is the same room.

Hon. Royce Frith (Deputy Leader of the Government): No, that was room 257.

Senator Flynn: I thought it would have been more appropriate, in the circumstances, to hold that meeting in room 257. Is that because Senator Graham would not allow us to use his room?

Senator Bonnell: We are meeting in room 250 of the East Block so that all the ministers can sit on one side of the table and senators on the other, thereby allowing us to face each other.

Most of the ministers will have officials with them. In fact, there will be approximately ten officials from Ontario, five or six from Quebec, four from Saskatchewan, and so forth.

Since this is a very important piece of legislation and has to do with provincial jurisdiction, it is appropriate that they appear before our committee.

Senator Flynn: I thought a round table would have been more appropriate.

Senator Bonnell: It is as round as we can make it.

• (2010)

Hon. John M. Godfrey: Honourable senators, I cannot resist pointing out that in the last session I had a motion before the Senate that was not formally agreed to, although I expect to reintroduce it. That motion provides that it be a general policy that a Senate committee, when considering something which, in its opinion, is of special interest to a province or provinces, should, where practicable, invite representatives of such province or provinces to appear before it. I am delighted to see that invitations were sent and that such splendid results have been achieved in this case and that provincial representatives are appearing.

Hon. L. Norbert Thériault: Honourable senators, I have a question for Senator Bonnell. I thought I heard him mention the Honourable Pierre-Marc Johnson, Minister of Social Services for Quebec. What is the latest information he has?

Senator Bonnell: The latest information I have is that the Honourable Pierre-Marc Johnson, Minister of Social Affairs of the Province of Quebec, will be here at 4 o'clock tomorrow.

Hon. R. Arthur Tremblay: If Senator Thériault will permit me, I rise to make a small correction to the title of the minister, Pierre-Marc Johnson. A few weeks ago, of course, he was the Minister of Social Affairs, which portfolio includes health, but since that time he has been appointed Minister of Justice and, at the same time, Minister of Federal-Provincial Affairs. I suppose he is coming in two capacities—that of former Minister of Health and that of Minister of Federal-Provincial Affairs. Although that is just a small correction, it might be worth taking note of.

[Senator Flynn.]

MARITIME DEFENCE

NOTICE OF INQUIRY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I give notice that on Thursday next, April 5, 1984, I shall call the attention of the Senate to the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canada's Maritime Defence," tabled in the Senate on June 15, 1983.

QUESTION PERIOD

[*Translation*]

SPORTS POOL

ATHLETIC CONTESTS AND EVENTS POOLS ACT—
FEDERAL-PROVINCIAL AGREEMENT

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. In spite of the 1979 agreement between the provincial and federal governments on lotteries, whereby the federal government surrendered to the provinces the entire jurisdiction on lotteries in return for a certain amount paid such year by the provinces, the federal government has passed legislation to set up an Olympic lottery.

Such legislation would apparently be inconsistent with the 1979 federal-provincial agreement and this is the reason why the provinces will question that new federal legislation before the courts. The provinces have also sent under protest the money to be refunded twice a year to the federal government.

In spite of the challenge by the provinces as a result of the federal decision to infringe in a field of provincial jurisdiction, will the federal government wait for the decision of the court before it starts operating that Olympic lottery?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Asselin has partially answered the question he asked when he advised the Senate that the matter had been referred to the courts for an interpretation. I want to be extremely careful because of the admonition that we do not comment on matters that are before the courts.

Senator Asselin: I am not talking about the substance of the matter.

Senator Olson: I understand that.

Senator Asselin: I am asking about the decision the government is going to take.

Senator Olson: I believe that Senator Asselin asked whether or not a reference to the courts is tantamount to an injunction to cease the process of setting up a sports pool. I would want to check that out. I have had some discussion on this matter, and my view is that it does not. However, I have no intention of commenting on what the court has been asked to decide—namely, to give an interpretation of the agreement signed by

the federal and provincial governments. I do not think it is a matter of federal or provincial jurisdiction per se.

Hon. Jacques Flynn (Leader of the Opposition): I think the leader has misunderstood the question. It is not what is going to happen in the case before the courts but whether the government intends to consider other practical solutions aside from the court decision.

Senator Olson: That is a slightly different interpretation of the question. The question was whether or not the government intended to proceed with the proposed sports pool legislation or action. I would like to check that out. As I said a moment ago, I do not believe that the reference to the court is tantamount to an injunction against action that is under way.

[*Translation*]

Senator Asselin: Is it true that the sports betting pool has already hired its staff, and has also opened offices in Ottawa, Toronto and Montreal?

[*English*]

Senator Olson: It is true that some personnel have been retained or hired to administer the sports pool. Indeed, some office space is either in the process of being or has already been acquired. I am sure that some of that space is in Ottawa. I am not sure how much, if any, is in Toronto or Montreal, but I shall check.

[*Translation*]

Senator Asselin: I have heard also that the baseball commissioner intended to oppose the federal legislation and that Mr. Olivier, the Minister of State for Fitness and Amateur Sport was supposed to meet with him yesterday for the purpose of discussion or negotiation. Could the Leader of the Government find out from the Minister of State what have been the results of his discussions with the baseball commissioner?

[*English*]

Senator Olson: I will be happy to ask the minister to consider the proposal. I shall reply to the question in the way it was put. I am not sure that the minister will reveal all of the discussions, because that may not be proper.

Senator Asselin: You may use my terms.

Senator Olson: Of course.

FINANCE

INCREASE IN BANK RATE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senators Murray and Roblin on March 22, 1984, concerning statements by the Governor of the Bank of Canada regarding interest rate developments. The answer is fairly long and I would ask that it be taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

The Governor of the Bank of Canada has been quoted as saying that a higher rate of increase in wages in Canada relative to the United States is one of the chief reasons for rising interest rates in Canada. The Governor made no such statement; and, moreover, this assessment of the upward pressure on Canadian interest rates is not held by either the Bank of Canada or the Department of Finance.

As has been made clear on a number of occasions, there is no upward pressure on Canadian interest rates emerging from purely domestic developments. Private sector borrowing in Canada remains restrained and the banking system remains in a very liquid position. Inflation performance continues to be very good and trade performance has been excellent. These factors are supportive of a stronger dollar and an easing of interest rates. However, because Canada is an international trading country, foreign economic developments often impinge on our economy and our economic policies. This is particularly true with respect to interest rate movements.

U.S. interest rates have been increasing in recent weeks in response to the uncertainty in that country about future interest rate levels. This concern has been caused by the size of U.S. government deficits at a time of rapidly growing private sector credit demand in the U.S. The Federal Reserve Board has maintained a cautious stance and capital markets have, therefore, anticipated higher rates to emerge as a consequence. In response to these expectations, speculative pressure has been brought to bear on the Canadian dollar and, despite the continuing improvement in Canadian inflation and our excellent trade performance, the dollar has fallen against the U.S. currency.

The increases in Canadian interest rates that we have seen over the past weeks have reflected the policy of resisting undue downward movements of the dollar arising from speculative pressure that might have inflationary consequences.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved the second reading of Bill S-11, to implement conventions between Canada and the Republic of Tunisia, Canada and the People's Republic of Bangladesh, Canada and the United Republic of Cameroon and Canada and the Democratic Socialist Republic of Sri Lanka, an agreement between Canada and Kenya and conventions between Canada and the Arab Republic of Egypt, Canada and the Republic of the Ivory Coast and Canada and

Sweden for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, I am pleased to be able to present this bill, which is a series of tax treaties relating to the elimination of double taxation involving a number of nations, a procedure which is recognized, well known and well studied by this body. It is a lengthy bill of about 175 pages.

Allow me to digress for a moment. I read recently that the Lord's Prayer took 56 words. I notice the Leader of the Opposition has suddenly perked up. The Ten Commandments took 297 words. The Declaration of Independence has been compressed to a mere 300 words and, as a matter of interest, the speaker who developed this particular theme was talking to a food conference in London when he pointed out that the European Economic Community's directive on the exporting of duck eggs required 26,911 words. I have made a rough calculation, and I think this particular bill has about 70,000 words.

• (2020)

Hon. Richard A. Donahoe: They must be goose eggs.

Senator Buckwold: These are the chicken eggs.

Just so that honourable senators are not frightened by this particular introduction, members of the Standing Senate Committee on Banking, Trade and Commerce and honourable senators are well aware that much of the bill is repetitious, in the sense that there is a treaty outlined for each of the nations.

The purpose of the bill is to implement conventions between Canada and the Republic of Tunisia, Canada and the People's Republic of Bangladesh, Canada and the United Republic of Cameroon and Canada and the Democratic Socialist Republic of Sri Lanka, an agreement between Canada and Kenya, and conventions between Canada and the Arab Republic of Egypt, Canada and the Republic of the Ivory Coast and Canada and Sweden for the avoidance of double taxation with respect to income tax.

As a matter of interest, I phoned the department to find out why the word "convention" is used in all instances except in the one between Canada and Kenya, which is an "agreement"—assured that someone, astutely, on the other side would ask why this was the case—and the response was that they are really the same thing, but that in dealing with some countries—not very many—the word "convention" is not really part of their vocabulary, and the accepted compromise is to use the word "agreement." I can assure honourable senators that they mean the same thing.

The bill also contains, in Part IX—and I think this will be of real interest to the Senate—an amendment procedure which establishes rules for the implementation of future amendments to the conventions. With respect to that procedure, the Governor in Council is authorized to declare, by order, that any future amendment to a convention is approved and has the force of law in Canada when the order comes into force.

Essentially, this method of amending conventions involves three stages: first, the Order in Council introducing the amendment shall be laid before each house of Parliament; second, an order laid before a house of Parliament stands referred for a period of 30 days to such committee of that house as may be designated or established by that house for the purpose. However, if a committee of a house of Parliament to which an order is referred produces a report on the order, no motion for concurrence in the report may be moved in that house. Finally, an order laid before a house of Parliament shall come into force on the thirty-first sitting day after the order has been laid before both houses of Parliament or on such later day as is specified in the order.

Honourable senators, that is a complicated way of saying that under this particular bill, Bill S-11, amendments to these conventions or agreements may be made by an Order in Council with both houses being advised of the order and being able to refer it to committees. However, as I read the matter, the committees would not have any influence on the final determination as to whether the order goes into effect.

Hon. Royce Frith (Deputy Leader of the Government): Unless they can persuade the government otherwise.

Senator Buckwold: Yes, unless they can persuade the government otherwise.

Hon. Jacques Flynn (Leader of the Opposition): How do you persuade the government?

Senator Buckwold: They always listen to me.

Senator Flynn: I know; that worries me.

Senator Buckwold: I believe that this particular item in the bill is a matter of concern to the Senate.

Hon. John M. Godfrey: On which page is that?

Senator Buckwold: It is on page 8.

Senator Flynn: Clause 29.

Hon. Arthur Tremblay: The first thousand words.

Senator Buckwold: Clause 29. I draw this to the attention of honourable senators because we have had similar legislation proposed in the past, and it certainly merits close study in committee. This is a Senate bill and I am sure the committee will review with interest the direction that is being taken in this particular legislation. I felt that I should draw this to the attention of honourable senators because, in some way, it involves a change in general principle. I feel that I have probably expounded sufficiently, and I am sure that the subject will be well discussed in due course.

Senator Flynn: Enough to raise our interest.

Senator Buckwold: The reason I mentioned it early in my speech, senator, was just so that honourable senators would listen to the rest of my speech. The eight tax conventions under review follow the general pattern of the conventions previously approved by Parliament, and I am sure honourable senators are well acquainted with them. The convention with Sweden, when in force, will replace the existing agreement signed in 1951. When all of the conventions are ratified, the number of Canadian tax treaties in force will increase from 32 to 39. We

will then have 39 treaties with an equal number of countries around the world.

I should now like to indicate briefly the main elements of these tax treaties. Generally, dividends may be taxed in the country of source at a maximum rate of 15 per cent. In the case of Sri Lanka, the 15 per cent rate will apply only to dividends paid out of profits arising from new investment. In the case of Cameroon, a general rate of withholding tax of 20 per cent will apply.

I point out to honourable senators that, although basically these agreements are the same, there are details that change from country to country as they have been negotiated by the department. A general rate of 15 per cent—20 per cent in the case of Cameroon—is provided in the case of interest paid to non-residents. However, certain types of interest—for example, interest paid to a central bank or to the Export Development Corporation—will be exempt in the source country.

With respect to royalties, the conventions provide for a general rate of 10 per cent in the source country, except that in the case of Kenya, Egypt and Tunisia the rate is set at 15 per cent. In the case of royalties arising in Cameroon, the rate is 20 per cent. The rate of 10 per cent in the convention with Sri Lanka will apply only to new technology.

Some of the other matters also dealt with in this bill include capital gains. The treaty provision dealing with capital gains reflects the standard Canadian position enabling the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies. The absence of an article on capital gains in the tax treaty with Cameroon does not affect the right of Canada to apply its domestic legislation.

Under the heading "Non-Discrimination" under the conventions, discrimination on the basis of nationality is prohibited, thereby ensuring nationals of the one country equal treatment with nationals of the other country in the same circumstances. However, this does not prevent a country from providing fiscal incentives—for example, the small business deduction—on the basis of the residence of the taxpayer. The convention with Ivory Coast does not contain an article on non-discrimination and consequently the rules of the domestic legislation will apply.

Under the heading "Teachers", no special consideration is provided for foreign teachers in Canada. Thus, the two-year exemption provided for under the 1951 agreement with Sweden will be terminated.

With respect to pensions, Canada has preserved its right to tax pensions paid to residents of the countries included in this bill.

● (2030)

With respect to double-taxation relief in Canada, double-taxation of foreign-source income of Canadian residents is alleviated by way of a foreign tax credit in accordance with the limitations provided in the domestic legislation. In addition, for a company resident in Canada, dividends received from the exempt surplus of its foreign affiliates will be tax exempt in Canada.

The conventions with Tunisia, Bangladesh, Cameroon, Kenya, Egypt and Ivory Coast contain a tax-sparing provision. "Sparing" is an unusual word, but that is what I am told is the name of the provision under which the tax incentives granted by the domestic legislation of those countries will be recognized in computing the Canadian tax.

On balance, the terms of the tax conventions provide some equitable solutions to the various problems of double taxation existing between Canada and these countries. Each of them hopes to implement the bilateral tax convention as soon as possible, and, consequently, I commend this bill to the Senate for favourable consideration.

Honourable senators, that concludes my introductory remarks. I know all of you have followed closely the simple arguments I have made, and I look forward to having this matter discussed in perhaps even more detail by those who speak on it in the Senate and especially in the Standing Senate Committee on Banking, Trade and Commerce to which, I hope, the bill will be referred.

Hon. John M. Godfrey: I would like to ask the honourable senator a question. You referred to the fact that regulations passed amending a treaty would be referred to a committee, but that the committee had no power, and, if it reported, there could not be any motion in concurrence. Could you explain the purpose of referring the regulation to the committee when nothing can be done about it?

Senator Buckwold: The purpose of the referral is to make both houses aware of the Order in Council and also to give them an opportunity to look at it. Again, as has been pointed out, if by some chance the government can be convinced to do otherwise, then that opportunity is there. However, to me the purpose of referring it to the committee is to ensure that it is not buried under some regulation which most people would not be aware of.

Senator Godfrey: The previous tax treaty bills approved by the Senate had a provision for disallowance of these regulations. With respect to the last bill, I can recall that the Standing Senate Committee on Banking, Trade and Commerce found some fault in the actual procedures, but finally did approve a revised procedure providing, if I recall correctly, for disallowance. Why is there not such a provision in this bill? Why have they departed from that practice and instituted this meaningless procedure of referral to a committee instead of the disallowance procedure as in all the other bills?

Senator Buckwold: Honourable senators, in response I can only tell you that that is exactly why I took some pains to point out at length to honourable senators what was in this legislation. I am sure those questions will be asked of the department and senior officials when the bill is in the committee stage.

Senator Godfrey: I have one final question. There was a matter that was discussed in detail in the Banking, Trade and Commerce committtee with respect to the last bill, and that was with respect to a provision recommended by our commit-

tee which was, incidentally, not accepted by the government in the end. That provision was that, by regulation, the government could not increase the taxes of a Canadian citizen. I think I am right in saying that there is no such provision in this bill and that, by simple regulation and not by act of Parliament, the government could, in effect, increase the taxes in Canada. I am wondering if I am correct in that respect.

Senator Buckwold: I would have to agree with that. Certainly, as I look at the bill, I see no limitations. While it is not likely that that will happen, nevertheless that is not the way the implementation of new laws and regulations will be looked at.

This is a question that I know will concern some honourable senators, because it could possibly lead to taxation without proper authority. I am sure if it lowered taxation, there would be no problem, but if taxes were thereby increased, I am sure questions would be asked. However, I am sure that the department would give—

Senator Flynn: What kind of questions would be asked? It would be *ultra vires*.

Senator Buckwold: Yes, that may well be an angle that should be investigated.

Senator Flynn: If it causes an increase, yes.

Senator Buckwold: However, that is not to my knowledge. Although I am proposing and supporting this bill, I am nevertheless well aware of this particular section and the questions that will be asked by honourable senators with respect to the issues you have raised.

Hon. L. Norbert Thériault: Honourable senators, can the Deputy Leader of the Government assure me that this is not a money bill, that it does not give the power to tax?

Hon. Duff Roblin (Deputy Leader of the Opposition): A number of interesting constitutional points have been raised thus far, particularly the last one posed by Senator Thériault. As Senator Godfrey has said, similar issues have arisen on a previous occasion in the Senate with respect to a similar bill. I think we should do our best to clarify these points with respect to this bill.

I must say that with his usual candour Senator Buckwold has exposed the bill's warts and all so that we can see some of the points which struck him as being curious. I thank him for that, since I am sure more than one of us finds them a little odd, to say the least.

Senator Thériault: I thought I had very quietly and kindly asked a question of the Deputy Leader of the Government. I wonder whether or not I will receive an answer.

Senator Roblin: I took the silence as indicating there was not an answer to be expected right now; however, if there is let us hear it.

Senator Frith: Honourable senators, before a bill is introduced in the Senate as an S-bill it is our custom to obtain an opinion from parliamentary counsel with respect to whether or not it is a money bill. I assume that consultation was carried out in this case. However, I have not seen the opinion. I will check into the matter.

Senator Thériault: I must say I am rather surprised, because, as I listened to the answer given by Senator Buckwold to Senator Godfrey, I understood that there was the possibility that the passage of this bill could increase taxes. If my understanding of his response is correct, then I deduce it is a money bill.

Senator Frith: Honourable senators, I believe the purpose of the bill is to avoid tax, not to increase it. That is to say, avoid double taxation in the countries party to the convention. That is the purpose of this bill and that is why I assume it is not a money bill. However, I revert to my first answer in this respect. I understand Senator Thériault's concern and I will look into the matter. Certainly, before we ask for second reading I will obtain the information requested.

Senator Roblin: Just to finish off a very brief excursion into this esoteric realm, I think Senator Thériault has made an excellent point, because, undoubtedly, taxes can be raised by the device of an Order in Council, if the agreement between Canada and another country calls for an increase in the withholding tax. It seems clear to me that it can be raised. If that is the case, then the question as to whether or not this bill should be introduced here is moot.

Senator Frith: If that is so; however, I do not think it is.

Senator Roblin: Even if it is decided that in its form here it is not a money bill, I can easily foresee that an Order in Council coming down in the House of Commons, presumably in the first instance, and then in the Senate, could very well increase taxes. If we increase the withholding rate between Canada and another country then that affects revenue and it is an increase in taxation. One would have to wonder at what stage the message from His Excellency the Governor General could be introduced. I think that is one of the points which could very well be clarified.

Incidently, it seems to me that these are policy questions. I hope we will not have some departmental official fobbed off on us, much as I respect bureaucratic expertise. We might be happier if the minister were there.

I would particularly like to hear the rationale not only with respect to the question raised by Senator Thériault and others, but the rationale with respect to the reference for an Order in Council to both houses of Parliament. If it is purely for information, goodness knows we receive that in little slips of paper which come around every day—a pack of them that high! If one had the stamina to wade through them, I dare say one would find it out. However, if it comes to Parliament by way of information sent to a committee which can do nothing about it, then it seems to me that such a process is of very doubtful utility.

● (2040)

I would like to know why it is adopted. I would like to know why they abandoned the principle that, as I think Senator Godfrey correctly stated, was enshrined in previous bills of this

kind by which the tabling of the Order In Council in either chamber was subject to debate and for validation or otherwise. As I remember, the last time we were left out of that process somehow or other, and Senator Godfrey's point was that we should be put back into the cycle of events. I certainly agree with that. It seems to me that we need an explanation as to why this peculiar and, so far as I know, new procedure has been introduced and the former one, which was relatively satisfactory, has been abandoned. These are policy questions and I hope the minister comes to answer them and that he has a convincing explanation.

Senator Frith: Honourable senators, on the first point, whether it is a money bill or not is not a policy question but a constitutional one. The purpose of the bill is to avoid taxation, not to increase or impose taxes. On the second point, any Orders in Council have to be made within the ambit of the purpose of the bill. Therefore, if any regulation or Order in Council is made, there would only be power to do so if it were within the scheme of the legislation, which is to avoid taxation and not to impose taxation. However, we are going to look into those two points.

Senator Roblin: That is highly debatable.

Senator Frith: I do not think it is, but that is a matter of opinion. Those are the questions we have to raise and it seems to me that, *prima facie*, those are the answers that we can look for.

On the third point—and the reason Senator Buckwold raised it is the very argument Senator Roblin advanced—we do want to look into this formula, which, insofar as my experience is concerned, is new and gives less scope to Parliament than any of the formulae we have seen up to now, which are the ones for negative and positive resolutions. I hope that the committee will look into that. On that point I share the concern of Senator Roblin and other honourable senators.

Hon. Arthur Tremblay: Honourable senators, I should like to ask the following question: Does that bill have implications on provincial taxation both for corporations and individuals?

Senator Buckwold: Honourable senators, I believe that the minister should answer that question. I would guess that, if there is a reduction in a tax treaty, it does involve the taxes that might be levied at a provincial level as part of the overall federal-provincial tax arrangements. That is my personal opinion without being a tax expert, but I think your question is a very good one and should be referred to the minister.

Senator Tremblay: I should like to ask a supplementary question. Perhaps there is no problem for provinces which have an agreement with the federal government for the collection of their taxes, but there are provinces which do not have agreements; for instance, Ontario, Alberta and Quebec. In that case would they be free to have their own scale, if I may use that expression, whereas the other provinces whose taxes are collected by the federal government would have another scale?

Senator Buckwold: Honourable senators, this is the thirty-ninth tax treaty. Up to the present time we have had approximately 31 which have met with the approval of the provincial taxing authorities. I assume that those regulations are well in hand and the arrangements have been made between the provinces and the federal government for the sharing of those taxes.

Senator Tremblay: That is exactly what I should like clarified. Were there agreements before the conventions came into being and the bill was prepared?

Senator Flynn: Honourable senators, I believe that these questions require more consideration before we invite the Senate to pass this bill. Therefore, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

BORROWING AUTHORITY BILL, 1984-85

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-21, to provide borrowing authority.

He said: Honourable senators, I suppose this is properly called the annual borrowing authority bill. I have seven points to mention consisting of approximately a paragraph each, so I should fall well short of the number of words in the bill that we have just been considering. The seven points are: first, the legal setting of the bill; secondly, the connection between the bill and the budget; thirdly, the change from the original bill as presented in the other place regarding the non-lapsing contingency; fourthly, the reasons for the non-lapsing contingency provision; fifthly, how this bill deals with that; sixthly, why honourable senators will be asked for reasonably speedy adoption of this bill; and, seventhly, the status of last year's borrowing authority.

Honourable senators will note on the first point, the legal setting, that in order for the government to continue with its regular debt program to raise new funds to meet the financial requirements, the Financial Administration Act stipulates that statutory borrowing authority must be obtained from Parliament. What is being asked for here is not the appropriation of funds but the authority to borrow. That is why, in the course of debating these bills, we speak of the word "authority" rather than the granting of funds, because the authority to borrow is given and is used up in various ways by bond issues and by other kinds of borrowings, as we have learned in the past, especially in detail before the Committee on National Finance.

The context of the bill with relation to the budget is that the amount of authority being requested is related to the financial requirements as set out in the budget. Any questions relating to borrowing authority, therefore, are properly and advantageously examined in light of the earlier debate on the budget and the information on the government's fiscal policy supplied with the budget.

The recent budget of the Minister of Finance projects financial requirements for 1984-85 of $25.5 billion, excluding

foreign exchange transactions. This amount is roughly $1.5 billion less than the estimated requirement in the 1983-84 fiscal year. The decline in financial requirements reflects an acceleration in the growth of budgetary revenues, a slower growth rate of budgetary expenditures and a small decline in the net source of funds from non-budgetary transactions.

Honourable senators may be aware that there was a change in the amount from the original bill as presented in the other place, and it related to the non-lapsing contingency. In view of these financial requirements, clause 2(1) of Bill C-21, as originally drafted, sought borrowing authority for fiscal 1984-85 of $29.5 billion. That amount was equivalent to the $25.5 billion of financial requirements set out in the budget, plus a non-lapsing contingency amount of $4 billion to be carried forward for use in fiscal 1985-86. However, as honourable senators are no doubt aware, the government agreed to amend this clause so as to provide $24.5 billion of borrowing authority for fiscal 1984-85. Thus total borrowing authority available for 1984-85, after passage of this amended bill, will amount to $24.5 billion.

● (2050)

Clause 2(2) of the bill states that any unused portion of the $24.5 billion being requested, to the extent that it exceeds $4 billion, will be cancelled on March 31, 1985. As I mentioned earlier, the government agreed to reduce the total borrowing authority request to $24.5 billion, thereby giving up the original request for a non-lapsing contingency amount.

I should now like to move to point four of the seven points and explain to honourable senators why the original request was important and why it is important to have a non-lapsing contingency in place.

In the mid-1970's, when new borrowing authority was sought by way of appropriation bills, a non-lapsing contingency amount was always included. Likewise, in more recent years when borrowing authority has been sought by way of special bills, as is the practice today, a non-lapsing contingency amount has also been included. Recently, the contingency amount has been in the order of $4 billion. This amount is intended to cover contingencies only. It does not permit spending beyond what has been approved by Parliament or has been given on-going authority by acts of Parliament. Examples of the latter are UIC benefits, public debt charges and transfers to provinces. The contingency amount is largely designed to cover two special situations of critical importance: the need to accommodate the impact of large and unpredictable foreign exchange operations on the financial requirements; and to ensure that the government will be able to continue its regular debt program if Parliament is not in session or has been dissolved. In the case of foreign exchange operations, either upward or downward pressure on the Canadian dollar can give rise to the use of borrowing authority. In the case of downward pressure, official holdings of foreign exchange are depleted, creating a possible need to undertake foreign borrowings. That is what the contingency is there for, because it is hard to know what directions the pressures are going to be in, but if they are downward the contingency is there to permit the government to undertake foreign borrowings. In the opposite case, foreign exchange is acquired through the sale of Canadian dollars, thereby adding to the cash requirements.

[Senator Frith.]

Clause 3 of the bill is designed to help eliminate any uncertainty regarding the length of time non-lapsing amounts should remain outstanding. That is why clause 3 provides that any unused borrowing authority carried forward from previous fiscal years shall expire either on April 2, 1984 or when the Borrowing Authority Act, 1984-85 comes into force, whichever is the later date. It is intended that once new borrowing authority is obtained for the 1985-86 fiscal year, any remaining unused portion of the non-lapsing amount would be cancelled. The Standing Senate Committee on National Finance can take credit for the fact that this approach has been taken, because two or three years ago that committee raised the issue and questioned the practice of automatically having these non-lapsing carry-forwards.

Honourable senators, why I shall be asking you to deal with this bill as expeditiously as possible is as follows: Without borrowing authority, the government cannot increase its outstanding debt to raise funds to meet the financial requirements. The government has entered the new fiscal year with very little borrowing authority—and what is being asked for in this bill is borrowing authority—and that authority gets used up during the year. The borrowing authority that was granted for 1983-84 is mostly used up and, therefore, the government is entering this fiscal year with very little borrowing authority left. Given the level of financial requirements, it is essential that the government be able to continue to carry out its debt program in an orderly and efficient manner. When I say I wish this bill to be dealt with as expeditiously as possible, I do not mean that the committee has to meet this evening; Thursday will be sufficient.

Hon. H. A. Olson (Leader of the Government): Tomorrow would be better.

Senator Frith: The government, like any responsible corporate borrower, must be in a position to conduct its borrowing operations without timing constraints. In this way, it is possible to take advantage of market opportunities so as to minimize overall debt charges. In view of the size of the financial requirements and the relative size of the government's debt operation, timing is of critical importance.

Government of Canada securities currently outstanding total more than $140 billion, and the financial requirements are such that the level of outstanding debt will increase by about $2 billion every month. In addition, maturing debt has to be refinanced. In these circumstances, any disruptions in the on-going borrowing program may lead to undue stress in the capital markets, putting upward pressure on interest rates. This would result in higher debt charges for the taxpayer and higher borrowing costs for individuals and businesses.

Given the size of the government's financial operations, even a saving of a small fraction of one per cent involves significant dollar amounts. Because of the relative importance of public debt charges in total government expenditures, it is the pri-

mary goal of the government to minimize such charges. This goal can only be achieved if ample borrowing authority is always available so as to ensure flexibility and that the large borrowing operations of the government do not interfere with those of other levels of government or the private sector. We have a collective responsibility to see that the goal of minimizing public debt charges is vigorously pursued.

Also, honourable senators, I might note that the first quarter of each fiscal year is usually a period of particularly heavy seasonal cash requirements because of tax refunds and other factors. Such a cash drain may be financed by market borrowings. Thus, it is especially important that the government has borrowing authority in place to enable it to carry on with its regular debt program.

Honourable senators, I should like to give you a short report on the status of last year's borrowing authority. The total amount of authority provided for 1983-84 was $26.7 billion, which was equivalent to the financial requirements projected in the April 1983 budget. This borrowing authority consisted of $2 billion non-lapsing authority carried forward from the Borrowing Authority Act 1982-83 (No. 3); $14 billion from the Borrowing Authority Act 1983-84; and $10.7 billion from the Borrowing Authority Act 1983-84 (No. 2). Of this amount, domestic borrowing operations have used all available borrowing authority; $12.5 billion through the issue of treasury bills, $8.5 billion through the issue of marketable bonds, and $5.7 billion through net sales of Canada Savings Bonds.

Honourable senators, I ask for your support of this bill on second reading. If the bill receives second reading, it is my intention to ask that it be referred to the Standing Senate Committee on National Finance, as is our habit and tradition in the case of such bills. Although I have a briefing book, it may be that many of the questions honourable senators may have on the subject can be more satisfactorily and precisely answered by departmental officials who will appear before that committee. I suggest that the bill be referred to that committee under the distinguished—and are not the chairmanships of Senate committees always distinguished?—chairmanship of the Honourable Senator Doody.

On motion of Senator Roblin, debate adjourned.

• (2100)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE STANDING SENATE COMMITTEE TO EXAMINE VETERANS AFFAIRS EXPENDITURES IN ESTIMATES—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the expenditures pertaining to Veterans Affairs set out in the Estimates laid before Parliament for the fiscal year ending March 31, 1985.—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, my purpose in introducing the motion that the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the expenditures pertaining to veterans affairs set out in the estimates is to give us the opportunity to continue the thrust that the committee began three or four years ago in examining the various aspects of the legislation pertaining to veterans affairs. There still remain, in both the Disability Pensions Act and the War Veterans Allowance Act, half a dozen or so anomalies which require continuous monitoring, particularly in light of the changing conditions for veterans as time goes on.

One serious problem, which has arisen yet again, has to do with the adjudication of pensions and the building up of a backlog. This is of concern to all veterans organizations and, because of the aging of our veterans, it should be looked into immediately.

One part of the War Veterans Allowance Act which, to my mind, is unnecessary is the requirement that veterans who, for health reasons, are living in foreign countries must return to Canada for 365 days in order to qualify for a War Veterans Allowance. It seems to me to be a bit ridiculous, at this stage of the game, to require a veteran to leave his family for 365 days, even though he is entitled to receive a War Veterans Allowance as soon as his application has been approved upon his arrival in Canada.

There is a provision related to interest income whereby veterans are allowed an exemption of $100. I think it is time, in this day and age, that that exemption be increased to a reasonable amount. The suggestion is that $500 would be that reasonable amount.

There has recently been introduced the Aging Veterans Program—a very good program—whereby veterans on disability pensions can remain in their homes and receive treatment. In my view, it is now necessary to expand that program to include not only the disability pensioner but also the War Veterans Allowance recipient and others who have need of it. I would request that this matter be addressed immediately, again because of the aging of our veterans.

Due to the annual escalation of the cost of living index, the basic rate of pensions must be re-estimated every three or four years. This basic rate is based upon the six selected categories of the public service. As a result of annual escalation, the basic rate of the public service has now overtaken that of the war veterans by $600. It is time that something was entrenched in the legislation so as to circumvent the sort of constant review of the basic rate that is necessary for the war veterans to catch up.

I mention yet again to honourable senators the recurring problem that is manifested in unfairness to the wife of the deceased veteran, and reiterate the necessity to continue her pension at the married rate for a period of time so that she can adjust to the death of her husband.

Honourable senators, there are other, more minor matters which could be corrected but which I will not mention right now. I feel that, by referring the estimates to the Standing Senate Committee on Social Affairs, Science and Technology, we could have the minister and other witnesses examine how these anomalies could best be corrected. I felt the necessity to move this motion because of our commitment to the war veterans of Canada.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if I may make a comment in moving the adjournment of the debate, I think that this is a good idea but I would like to have more time to look at it. I hope that we can dispose of it this week.

Hon. Jacques Flynn (Leader of the Opposition): How much longer?

Senator Frith: I repeat that I hope we can dispose of it this week.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is a fair offer.

On motion of Senator Frith, debate adjourned.

[*Translation*]

OFFICIAL LANGUAGES

MESSAGE FROM COMMONS—ORDER DISCHARGED

On the Order:

Consideration of a Message from the House of Commons requesting the establishment of a Joint Committee on Official Languages.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I intend to give notice of a motion, and consequently, I ask that this Order be discharged.

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

Hon. Senators: Agreed.

Order discharged.

NOTICE OF MOTION TO ESTABLISH STANDING JOINT COMMITTEE

Leave having been given to revert to motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 44(1)(a), I give notice that at the next sitting of the Senate, I shall move:

That Rule 67(1) of the Rules of the Senate be amended by relettering paragraphs (e) to (n) inclusive as paragraphs (f) to (o) inclusive and inserting immediately after paragraph (d), the following as new paragraph (e):

"(e) The Joint Committee on Official Languages policy and programs, to which shall be appointed nine senators.";

That a Message be sent to the House of Commons to acquaint that House that the Senate agrees to unite with that House in the establishment of a Joint Committee of both Houses on Official Languages policy and programs; and

That the Senate will appoint nine of its members, to be designated at a later date, to serve on the said Joint Committee.

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

Hon. Senators: Agreed.

[*English*]

CANADIAN YOUTH

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hébert, seconded by the Honourable Senator Le Moyne:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age;

That the Committee be composed of 12 Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than March 1, 1985.—(*Honourable Senator Murray*).

Hon. Jack Marshall: Honourable senators, this order stands in the name of Senator Murray but, with the indulgence of the Senate, I would like to speak to it now.

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

Hon. Senators: Agreed.

Senator Marshall: I am sure that all honourable senators will join with me in commending Senator Hébert for moving the motion that a special committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age.

I would also like to take this opportunity to commend Senator Hébert for his involvement in the Katimavik program, which was applauded so widely during the deliberations of the Senate Committee on National Defence. An examination of

the problems of Canadian youth is a worthwhile project—one in which I would like to participate with Senator Hébert and one which I support—but, honourable senators, we have to face some realities in terms of the procedures in this chamber. Honourable senators are aware of the problems that exist in this chamber with regard to the scheduling and manning of committees because of the lack of numbers. The Rules Committee, in its wisdom, reduced its membership of committees from 20 to 12, in order to alleviate the problem which particularly affects the ability of the opposition to contribute the numbers required to man committees. Furthermore, as I understand it, as a result of the fact that certain aspects of the subject matters of our committees required more emphasis as their degree of importance changed, the Rules Committee did two things: it added fisheries and forestry to the Agriculture Committee, to rightfully give more exposure to those two important subjects; and, similarly, new and important subjects were highlighted and added to the newly named committee on Social Affairs, Science and Technology, previously known as the Health, Welfare and Science Committee—namely, consumer affairs, fitness and amateur sport, employment and immigration and youth affairs, all very important topics in our country today.

• (2110)

It is my observation, too, that the decision to cancel Wednesday sittings of the chamber was taken in order to allow committees to meet on Wednesday afternoons without interruption. To my surprise and almost before the ink was dry on the new rules book, two motions were introduced or the intentions of same were addressed, in direct conflict with the purposes of the changes in committees' subject matters. The deputy leader let it be known that serious thought was being given to having a special committee on fisheries, which is fine. Strangely enough, I asked a number of times back in 1978 that a separate committee on fisheries be established and nothing happened, for reasons of which I was never made aware. I presume it was because we did not have the numbers to support another committee. Now, we suddenly find that this is not a problem any more. Senator Hébert has proposed a special committee on youth—which, I repeat, is a very worthwhile project. However, both these commendable motions defeat the purposes of the changes in the rules and conditions as they exist in the Senate. Senator Hébert's motion, which is the subject of this debate, could and should be referred to the Standing Committee on Social Affairs, Science and Technology, under which the responsibility for youth affairs falls. Rule 66(1) describes the responsibilities of the Social Affairs, Science and Technology Committee. It reads, in part:

> The Senate Committee on Social Affairs, Science and Technology, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred,—

The rule does not say "may be" but "shall be referred."

> —if there is an order of the Senate to that effect, bills, messages, petitions, inquiries, papers and other matters relating to social affairs, science, and technology generally, including:—

And the rule goes on to list eleven subject matters which come under the umbrella of the committee, including youth affairs.

To further exacerbate the problem, a motion has been introduced by our good friend, Senator Watt, to appoint yet another committee, the subject matter of which also comes under the Social Affairs, Science and Technology Committee. In my opinion, that matter should also be referred to the committee. In addition, the leader gave notice of the formation of a joint committee on bilingualism, which will require more members from this chamber; I believe he said 9. Unfortunately, we are spread too thin now. If we take into consideration the likelihood of travel by the existing and proposed committees, the situation that exists is that the following committees are committed, with every justification by their mandate, to travel from place to place: Energy and Natural Resources; National Defence; Agriculture, Fisheries and Forestry; and Transport and Communications—which means they could all be away in the next few weeks. If these proposed committees and their right to travel are approved, we could have another two or three committees travelling with not too many senators left in Ottawa or in this chamber.

Again, if we scan the rules book, it can be readily detected that there are at least 10 active committees, and with 12 members per committee, or 120 required to man them, or even considering a quorum of 4 for each one, we are spread just too thin to give reasonable representation. For example, last Thursday at the Agriculture, Fisheries and Forestry Committee meeting, with witnesses who came all the way from British Columbia as well as representatives from Environment Canada, there were three senators in attendance, and two of those three senators had to leave in the middle of the meeting to attend another committee meeting taking place at 11 o'clock.

Far be it from me to discourage Senator Hébert in his first motion in this chamber. As I indicated before, I would love to sit on such a committee with him and I am sure that many others are interested. I sit on four committees, two of which are now or soon will be travelling. I would love to be on the Transport and Communications Committee, which will also soon be travelling or, indeed, has already left. I, too, would like to see other special committees formed to focus attention on the many problem areas in our country, such as the continuing problems of veterans and their wives, to name just one. There are countless other areas of concern we could be examining but, with the greatest respect, we cannot have a new committee formed for every special interest, however justifiable, particularly when the rules provide the mechanism to approach one's emphasis on an area of concern, as is the case with Senator Hébert's motion. Certainly, we must limit ourselves commensurate with our capacity to carry out our responsibility.

It is my intention to move an amendment to Senator Hébert's motion. Before doing so, I want to point out that I asked a question on this subject in the Senate on March 6. I asked whether the government intended to establish a task force to

examine the youth unemployment problem. As recorded in *Hansard* at page 293, here is the government's answer:

> Honourable senators, there are no plans at present to establish a task force to examine youth unemployment. The government has appointed a Minister of State for Youth who has responsibility for reviewing this issue as well as others affecting youth.
>
> It is the intention of the Minister of State for Youth to undertake, in the near future, to meet with youth, youth organizations and our economic partners in order to gain a better appreciation of current youth issues and to encourage the active participation of the private sector in the search for meaningful resolutions to the labour market difficulties facing young Canadians.
>
> The Chamber of Commerce has decided to go ahead on its own with a task force to study youth unemployment. Although the federal government will not participate directly, the Minister of State for Youth and the Minister of Employment and Immigration have encouraged the Chamber of Commerce to conduct its independent review and have offered support in the way of statistical data and background information from Employment and Immigration.

Despite that, I still believe that Senator Hébert's motion is justifiable but, as I have indicated, I do not think a new committee is the route to follow. Therefore, I move:

That the motion be amended in the first paragraph by

(1) deleting the words "a Special Committee of the Senate be appointed" and substituting therefor the following words: "the Standing Senate Committee on Social Affairs, Science and Technology be authorized"; and

(2) deleting all remaining paragraphs.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 4, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

FINANCE

INCREASE IN BANK RATE

Hon. Lowell Murray: Honourable senators, yesterday evening the Leader of the Government tabled a reply to some questions that Senator Roblin and I asked on March 22 concerning statements by the Governor of the Bank of Canada regarding interest rate developments.

I have now had an opportunity to read most of the reply that was tabled by the Leader of the Government. The first paragraph denies that the Governor of the Bank of Canada had ever made the statements attributed to him by the news media, and, naturally, I accept that denial.

However, the second, third and fourth paragraphs make certain judgments about the country's economic situation, the state of the dollar, inflation, and so on. I should like to have clarification from the minister of whether the sentiments expressed represent the view of the government or whether the reply is a statement purporting to come from the Governor of the Bank of Canada.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will look into that. I understand the question clearly. I believe it is the view of the government, which, in this case, would be that of the Minister of Finance; but whether the reply represents solely the view of the Bank of Canada, I am not entirely sure, and I will have to confirm that.

SPORTS POOL

MEETING OF MINISTERS WITH COMMISSIONER OF BASEBALL

Hon. Martial Asselin: Honourable senators, I am pleased to see Senator Austin back in the chamber. It has been a long time since we have seen him here, although I saw him on television last night. He was vacationing in New York City with his good friend, the Honourable Jacques Olivier, the Minister of State for Fitness and Amateur Sport. Apparently the minister went there to meet with Mr. Bowie Kuhn, Commissioner of Baseball. I would like to know if he has any details to report to this house as to the negotiations he had with Mr. Kuhn, what the future holds for these negotiations, and whether he convinced Mr. Kuhn not to proceed with legal action against the federal government.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I thank Senator Asselin for missing me and for welcoming me with a question today. I did have an opportunity, along with my colleague, the Honourable Jacques Olivier, Minister of State for Fitness and Amateur Sport, to visit with the commissioner of major league baseball, Mr. Bowie Kuhn, in New York. We went to see Mr. Kuhn because he had made some public statements regarding his concern for our sports pool activities as they might affect major league baseball. We wanted to be in a position to tell Mr. Kuhn everything we could about our game of skill, and to assure him that the issues that were causing him concern were not real insofar as Canada is concerned. It is well known in sports circles that professional baseball had a gambling setback in 1919 when the Chicago White Sox were alleged to have thrown the World Series because some of its players were involved in a gambling arrangement on that particular sports event. The result was the establishment of the office of Commissioner of Baseball, which Mr. Bowie Kuhn holds.

We told him that, indeed, it was our intention to have a sports pool based on the skill of the participants in judging the scores of several games which would take place at the same time, and that in this way there is no opportunity for any arrangement. In other words, there would be so many events that it would not be possible to have a recurrence of that event of 1919.

We also pointed out to him that as the Sports Pool Corporation would be owned by the Government of Canada it would be operated in a fair and equitable way and would not make undue profits, although we hope it will make some profits. We told him that any illegal activity would be closely scrutinized by the Royal Canadian Mounted Police or the provincial police force within the appropriate jurisdiction and that, therefore, we did not expect any access by criminal elements to these activities. Mr. Kuhn then told us he would take into account what we said and other concerns that we discussed, but baseball in the United States is a religion with the fans and the owners and they simply did not want to be put in a position where they even seemed to encourage gaming activities, lotteries or anything relating to chance, skill or whatever with respect to organized baseball. That is the official policy position. We told him that we in Canada love baseball, that the Expos and Blue Jays were marvellous features of our sports scene and that we wanted a franchise in Vancouver.

Hon. Jacques Flynn (Leader of the Opposition): Blah, blah, blah!

Senator Austin: I am sorry that Senator Flynn does not take seriously the franchise in Vancouver.

Senator Asselin: He did not say that.

Senator Austin: Senator Asselin's question was of a general nature and I thought that he wanted as full and complete an answer as I could give. I want to be clear that we discussed with Commissioner Kuhn the question of a franchise in Vancouver and we told him that the Government of Canada was solidly in support of a franchise there. I asked him when and how the matter would be considered. He told us that a study had been launched by his office on behalf of the owners, who are the people who finally approve expansion of franchises, and that the results of the study would not be available until some time in early 1985. So there would be no decisions taken this year.

● (1410)

He also told us that the criteria for a decision with respect to the extension of a franchise was based on business considerations, such as whether or not the fans would be willing to come out, what the revenues and costs would be, and how well the franchise would do in business terms. He then said, "Of course, I cannot tell you what the owners might have in their subjective minds when they vote."

Senator Asselin: Why did you not take Senator Perrault with you to New York?

Senator Austin: Regrettably, Senator Perrault is not a member of the cabinet.

Hon. Senators: Oh, oh!

Senator Flynn: Are you speaking for yourself?

Senator Austin: Yes, I very much regret that Senator Perrault is not in the cabinet. We were a very good team when we were together. Baseball was an important part of Senator Perrault's interests then. I want to say that Senator Perrault has been the leading proponent of baseball in British Columbia.

I visited New York in my capacity as regional minister for British Columbia and Minister of State for Social Development, within which envelope sports activities are located, and, in particular, to represent Vancouver's interests in the franchise throughout those discussions. As I was saying when I was most pleasantly interrupted—

Senator Flynn: We will do it again!

Senator Austin: I would enjoy it. We were told that they would have to defend their classic position with respect to any form of chance or skill gaming related to baseball, and that they would want to begin an action in order to protect their legal position against any accusations of erosion. I understand that an action was commenced today in the Quebec courts.

Senator Asselin: Did you inform Commissioner Kuhn of the litigation commenced by the provinces against the sports pool?

[Senator Austin.]

Senator Austin: He informed me. He was very well briefed. He knew all about the litigation in Canada. We told him what the opinion of the Department of Justice was and that we would defend ourselves in terms of any legal action.

In summary, as Commissioner Kuhn said, we had an excellent talk. We exchanged views frankly and in a friendly way. He is not changing his position with respect to his interests, nor are we changing our position with respect to our interest.

I wish to say that he was told we do not have a private system in Canada to assist with sports funding in the way that exists in the United States where there is a much larger and more diversified business community. He was told that in our opinion, and as approved by Parliament, the instrument of a government institution is necessary to raise and channel funds to all sports groups across Canada.

He said that one of the reasons for concern is that American states, particularly the State of New York, have conducted studies with respect to similar types of sports pool activities. In fact, there is a decision relative to the State of Delaware and the National Football League in which the State of Delaware won the right to proceed with a sports pool arrangement. However, it did not proceed because market studies indicated the State of Delaware was not large enough for commercial success. We have agreed to keep the lines of communication open in order to continue to discuss all these matters, always without prejudice, of course, with respect to whatever legal actions are under way. I hope that there will be an opportunity to resolve the differences at a later time.

TRANSPORT

CHARLOTTETOWN AIRPORT

Hon. Heath Macquarrie: My question is directed to the Leader of the Government and it is prompted by an interesting article in a recent issue of the *New York Times*. The Minister of Transport was being asked about the extravagant expenditures for airports in Canada, and, according to this article, he concluded his comments with what I thought was a rhetorical question about the difficulty of building Taj Mahals and, at that stage, he made a reference to the Charlottetown Airport.

I would like the minister, who is a Chrétienite, to inquire from Mr. Axworthy, who apparently is a Turnerite, if this is, in fact, the reason why the people of Charlottetown have had to wait more than 15 years for their airport terminal, standing on one another's insteps in the interval. If this is the reason, it is not an example of lavishness, as far as Charlottetown is concerned.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Macquarrie, who is a long-term member of Parliament in both this house and the other, knows as well if not better than I that it is improper to ask ministers to comment on newspaper articles. That is precisely what he is asking me to do, but, of course, I cannot comply. However, I would have to say that I think some of his attempts to relate certain things, as in the preamble to the question, are erroneous.

Senator Macquarrie: Honourable senators, to be more precise, I asked this minister to inquire of another minister who is not a member of this house as to the policy. I do not want his opinion of this article. I, personally, thought it was a very good article.

Senator Olson: Honourable senators, that may be and I respect the fact that that is the way the question is now put, but it was not the way it was put a minute ago. Then, I was asked to comment on the validity or otherwise of this newspaper report, and whether it is direct, or one step removed by asking another minister, in my view does not change the prohibition against the propriety of asking questions that are really a request for a comment on newspaper articles that are sometimes speculative. That is the only point I was making.

Senator Macquarrie: If I may say so, the minister must have been an editor at one time. He constantly puts the blue pencil through other people's questions. Sometimes I doubt his capacity to make these corrections. I would ask him to check the blues.

I am not interested in the minister's comment on the article. I asked him to make an inquiry of a fellow minister. Surely that is the reason why we have ministers in the Senate.

Senator Olson: I understand that, senator.

SPORTS POOL

SKILL OF PARTICIPANTS

Hon. C. William Doody: I have a question for Senator Austin. It is really a supplementary question to that of Senator Asselin, and a request for clarification.

In Senator Austin's reply, he described the lottery as a game of skill, and I was wondering if he could tell us whether it is an acquired skill or whether it is a hereditary or genetic skill. If it is an acquired skill, will there be schools set up so that Canadians can exercise this skill? Would we all start on an equal basis, or will some of us be at an advantage over others in the skillful pursuit that he is advocating?

Hon. Jack Austin (Minister of State for Social Development): That is a very valuable question, Senator Doody. I cannot think of another question I would rather leap to answer.

I think that all Canadians should have an equal opportunity to participate in this game of skill which will be run by the Sports Pool Corporation. We have under way the establishment of a sales distribution system throughout Canada, including the province of Newfoundland. I expect that those who are particularly good with mathematics and who follow sports will probably have a good opportunity to exercise that skill to their advantage.

Hon. Jacques Flynn (Leader of the Opposition): I have a supplementary question. What about those people who will not have the skill? Will you arrange to prevent them from participating? In that case, it will be a lottery and will be covered by the agreement of 1979. Can the minister tell us whether that lottery or game of skill will be available only to people who have the required skill?

• (1420)

Senator Austin: The wonderful thing about being a Canadian is that we all have the opportunity to learn skills based on the exercise of our own personal sense of responsibility. Any kind of sports pool involvement is voluntary. The Canadian public decide whether to participate or not. If they do decide to participate, that decision must have been made on the basis that they think they have a special skill or a special aptitude in that regard.

If you think we should establish a risk-taking training program, I will be pleased to take that up with the Dean of the Harvard School of Business. I will ask him how they teach risk-taking training programs.

Senator Flynn: The reply the minister has just given indicates that he does not understand the conflict between the provinces, which claim the agreement of 1979 does not allow the federal government to enter into this new kind of game. Lotteries are purely and simply games of chance, and the argument put forth by the federal government is that one requires skill to participate in the sports pool. If that is the case, the sports pool will be aimed at those people who have that skill, and those who have no skill will be participating in a game of chance, just as if they were participating in provincial lotteries. If this sports pool is aimed at those who think they have a particular skill, I suggest that this sports pool will go bankrupt soon after it is established.

Senator Austin: I have too much respect for a former Minister of Justice to take that question with total seriousness.

Senator Flynn: I should not have put that question to you.

Senator Austin: But you did, and you must take the responsibility for that.

Senator Flynn understands very well that the principal issues in this case are now subject to judicial review, and I do not intend to enter into any form of legal debate, as he has just tried to do.

Senator Flynn: I was referring to facts. You raised the question of skill, so explain that.

Senator Austin: I am puzzled to know how he has decided that there are Canadians with no aptitude for taking responsibility for their lives and their actions.

Senator Flynn: There is certainly no doubt about Canadians being able to take responsibility for their lives, but you raised the question of skill.

Senator Austin: Yes, and that is a matter for those who volunteer to participate to decide. Not everybody plays tennis, unfortunately.

Senator Flynn: No, but everybody will try to play this game.

Senator Austin: Those who think they have a particular skill will try to play this game. Are you going to tell them that they do not have that special skill?

Hon. Jack Marshall: I have a suppementary question for the minister. This morning on *Canada AM* the Minister of State for Fitness and Amateur Sport appeared. He said that this was a good product that the government wanted to present to the Canadian people, but was reluctant to give any details. Could Senator Austin provide us with those details?

Senator Austin: I will be in a big hurry to give you the details just as soon as my collegue who is responsible for the matter announces them.

Hon. Orville H. Phillips: I have a supplementary question. Does the minister think that Commissioner Kuhn would accept a proposal that the sports pool be operated by the CDIC, which comes under the tutelage of Senator Austin, because, if he did, no one would have to worry about profits.

Senator Austin: If that has your endorsement, I will be pleased to pass it on to him.

CANADA DEVELOPMENT CORPORATION

SALE OF SHARES—GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, last year the minister responsible for the Canada Development Corporation announced that the government would dispose of its CDC shares before the end of 1983. I now understand that the situation has been reversed. I have been told that the government is not going to sell those CDC shares. Would the minister give us some background on that? Does the minister expect to sell those shares in the future, has the policy been reversed, or is this due to a marketplace condition? What information can he give us on that particular situation?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, when I appeared before the Finance Committee of the House of Commons on the Canadair item in March, I advised them that the situation with respect to the possibility of a sale by the government of its shares, or any part of them, in Canada Development Corporation had changed somewhat. The board of directors of Canada Development Corporation feel that the market environment, including, of course, the losses which that company has been suffering, do not currently provide a commercial opportunity for a sale, and such sale would not be in the interests of Canada Development Corporation. We have separately come to the same conclusion for commercial reasons only and, therefore, I advised the committee in the other place, and I am happy to confirm it here, that we will not be actively endeavouring to find a purchaser for those shares. Should the circumstances relating to the financial situation of Canada Development Corporation and the markets generally improve, then, of course, that conclusion could change. If there were a buyer hitherto unknown who should appear, then that might change our position. I had left the expectation, as a result of my discussions with Anthony Hampson, the President of Canada Development Corporation in May of 1982 that the shares were in the market and that we expected to have commercial discussions about sales. As that has changed, I did not want to leave the previous impression outstanding, and Mr. Hampson was in agreement with the statement I made.

Senator Doody: Honourable senators, I have a supplementary. I gather that the change in direction is dictated by the market rather than by policy. The fundamental decision still remains that if the market changes then the government will divest itself of some of the shares.

Senator Austin: That understanding is correct.

Senator Doody: Then, may I ask the minister if there is a minimum share value that the CDC or the government feels must be reached before the government will begin selling its shares?

As a further supplementary, one of the major reasons, I suspect, for the depressed condition now, relative to several years ago, of the CDC shares is the indebtedness of the company. Some of its purchases have not been that spectacular, for instance, that of Savin Corporation. Has government decided to try to relieve CDC of some of its indebtedness, as it has with Canadair? Will it be setting up an old CDC and a new one and let the taxpayers look after the old garbage while we plunge ahead into new and unknown areas, or are we going to try to suffer this one out and let CDC carry its own load?

Senator Austin: On the first part of your question, we have not received from CDIC specific advice with respect to a minimum or maximum price. We have asked them for sound commercial advice but, and as we currently do not have a buyer, the question is quite hypothetical. Of course, we would want to market our shares at a favourable time, and this is not the time, so we cannot predict in advance what a good market price would be without knowing what the condition of the market is into which we might be willing to sell shares. As the market stands now, we are not willing to sell shares, nor does CDC want us to sell them.

On the second part of your question, I want it to be very clear that I regret as much as, and, because I put a lot of time and energy into it, probably more than anyone else that Canadair took the losses that it has taken. Since the time of my responsibility for Canadair—the beginning of December or late November 1982—I believe my statements have been full and complete with respect to what took place. I have provided data unlike that provided on any other crown corporation.

• (1430)

However, the losses were taken and, as I have said before, there is no use crying over spilled milk. The question is: How do we protect the technology; the jobs in the Montreal community; and the many dozens of corporations and the hundreds of individuals who are part of the multiplier support for Canadair?

I believe that, in establishing the new Canadair vehicle, we have been able to create a balance sheet for Canadair that will protect those jobs, protect that technology and begin to earn something on the investment although we will never recover, as I have said, the amount of $1.350 billion that has been lost.

In order to sell aircraft the balance sheet has to be clean . Our buyers have given us a very clear signal that they like the aircraft and that they think the technology is superb, but they do not want to deal with a bankrupt company. They want to deal with a company that will stay in business, be able to service the aircraft and be able to maintain a good secondary market for that aircraft, which cannot be done by a company that does not have financial viability.

Honourable senators, Canada Development Corporation is an excellent corporation which, like many others in Canada, has had an adverse financial experience. I truly hope and believe that it is weathering that experience.

There is no desire on the part of its directors to make any further equity investment in that company, and no desire on my part to make any further equity investment in that company; nor do I believe it is necessary for the federal government to do so in order to support it, under the circumstances of CDC, as I understand them. I think it is a free-standing company which is improving as the weeks go by.

I want to remind this chamber, as I have often said, that Canada Development Corporation is a company in the private sector, that the holding of the government is in the nature of a portfolio holding, and that in no way do we involve ourselves in its management or in its day-to-day business.

Hon. Martial Asselin: Senator Austin should come to the Senate more often.

Senator Austin: If the honourable senator asks more questions, I will be here.

Senator Doody: As a further supplementary, I would point out that Senator Austin and I have had a fundamental disagreement for some time in this regard because taxpayers' money is involved. I really do not feel the government can divorce itself from the responsibility for the direction of that corporation or, at least, an accounting for it.

Senator Austin: That is not the official position of Senator Doody's party.

Senator Doody: The position is that Parliament is responsible for taxpayers' money. Taxpayers' money is in that corporation, and the minister is responsible to Parliament and the people; that is the fundamental position. What rules are made after that are secondary to the fundamental responsibility of the ministry to Parliament.

I take note of what the minister said about the transferring of the debt to the new company. I can only comment on that to the extent that many hundreds of companies that went bankrupt in Canada over the past few years would have been delighted to have a godfather upstairs to whom they could have transferred their debt while they carried on with their new business endeavours. Canadair was fortunate to have the minister and his associates available to initiate that transfer.

I have one last question regarding CDC and that is: Is there still a stipulation that Canadian control will be maintained in CDC in the event of a share sale or transfer? There have been purchases outside of Canada, and I wonder how firm the commitment is to Canadian control of this particular corporation.

Senator Austin: Honourable senators, with respect to the first part of the question, I know that Senator Doody's view is longstanding, and it is that when we have a portfolio position in a Canadian private-sector company we should, nonetheless, play the role that would be played by a shareholder in the private sector, and that we should intervene as a private-sector shareholder. That has not been my view. In the circumstances, I believe we should keep our distance unless there is a specific reason for not doing so.

Senator Doody's position has never had the support of his party or his leader, and that, of course, is persuasive. If it were otherwise, with respect to the CDC, I would be most interested to hear it.

Hon. Lowell Murray: But you have not stayed at arm's length.

Senator Austin: I have now forgotten the second part of your question.

Senator Doody: Canadian content, a secondary issue.

Senator Austin: Oh, yes, thank you. The bill that has now had first reading in the other place, Bill C-25, provides that the CDC will be established as a Canadian business corporation and will no longer be continued as a statutory corporation. It will be for the shareholders of the CDC to decide whether they want to continue, by by-law, a restriction on Canadian ownership.

Hon. Jacques Flynn (Leader of the Opposition): Who is going to vote the government's shares?

SPORTS POOL

STATEMENT BY SENATOR PERRAULT

Hon. Raymond J. Perrault: Honourable senators, with leave of the Senate I should like to make a short personal statement. Recently, in a Canadian publication, an article suggested that I could be in conflict of interest because I am the honorary chairman of the Vancouver Canadians baseball team in Vancouver. I have been in active support of bringing major league baseball to the west coast. I want to assure my colleagues that I am not in conflict of interest in that regard.

This matter has been fully discussed with the Privy Council Office. I do have a passionate belief that we should, if possible, extend major league baseball to Canada's third largest city, the city of Vancouver, and that we should bring this new industry to western Canada. It is worth $85 million a year in new economic activity.

I want to assure honourable senators that when I was Minister of Fitness and Amateur Sport, I was never entrusted with the responsibility for the sports pool.

Hon. Martial Asselin: He was a good minister.

Senator Perrault: That responsibility was assigned only after I had left my portfolio—indeed, it was assigned to my

successor, despite my suggestions over many months to the Right Honourable the Prime Minister that he should clarify the situation rapidly and assign that responsibility. He refused to do so during the time I was minister. For that reason, I was not in a position to negotiate with the provinces. I was not in a position to try to engage in constructive initiatives to make sure that the sports pool would be launched under auspicious circumstances.

Together with honourable senators, I regret the fact that so much controversy has swirled around the launching of what should be an acceptable device by which to raise money for such good causes as medical research, the Calgary Winter Olympics, and sports development in this country. I regret that there has been this controversy.

As far as major league baseball is concerned, it was suggested to me by the commissioner of baseball that I should attend the meetings that were held this week in New York, but I declined to do so in the knowledge that there would be two ministers attending those talks, and I have a great deal of confidence in at least one of them.

Senator Asselin: We know you were not invited.

Senator Perrault: Of course, the person in whom I have complete confidence is our colleague in the Senate.

I have been somewhat critical of the present Minister of Sport for the following reason: in his initial statement, he said that Mr. Kuhn, his commissioner of baseball, was attempting to interfere in the internal affairs of Canada. Let us examine that statement. Mr. Kuhn is commissioner of baseball. One of his prime responsibilities is to maintain the integrity of the game. Senator Austin has very accurately given some of the historical background. In 1919, the Chicago "Black Sox" scandal led to the establishment of the office of the commissioner. Judge Kenesaw Mountain Landis was installed in that office to protect the integrity of baseball.

Honourable senators, we have chosen to be a part of North American baseball. We have chosen to abide by the rules of major league baseball in this North America of ours, and that means that the Toronto Blue Jays and the Montreal Expos come under the jurisdiction of the commissioner of baseball, just as Vancouver would, should we be successful in our pursuit of a franchise. Therefore, it was not interference, it was a re-statement by Mr. Kuhn of baseball's traditional opposition to gaming, lotteries or any element of gambling with respect to major league baseball teams. Even at this late date I hope that some satisfactory accommodation can be achieved in order that baseball's traditional concerns can be met, just as I hope that the problems of the provinces can be resolved.

● (1440)

Senator Austin said that there would not be any decision on baseball until 1985. I have certain other information on that point. At recent baseball meetings there were at least indications that a basic decision to expand could be taken at the all-star game in San Francisco this summer. Additionally, two of the owners have told me that two franchises may be brought into one of the leagues by next winter, and that Vancouver is one of the top three candidates. That is a matter of record.

Hon. Martial Asselin: You will not get the Expos.

Senator Perrault: I sincerely hope that the difficulties that are being experienced during the "teething stage" of the sports pool can be overcome. There is no doubt that pool proceeds are needed and that the money will go toward good purposes. If called upon to advise and to help, I promise to do anything I can to assist in the process of achieving a better climate.

Senator Asselin: Hear, hear. They need you.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I wish to place on record that when I spoke to Commissioner Kuhn yesterday, he said that no decision would be taken in 1984, and that it would be early in 1985 before the requisite information that the owners required would be placed before them. Senator Perrault may have other information, and, from the point of view of a franchise in Vancouver, I hope he is right because the sooner the better.

WESTERN GRAIN STABILIZATION FUND

PAYMENTS TO PRODUCERS—ANNOUNCEMENT OF INITIAL PRICES BY CANADIAN WHEAT BOARD

Hon. Joseph-Philippe Guay: Honourable senator, I have a question for the Minister of State for the Canadian Wheat Board concerning the Western Grain Stabilization Program. I understand that the funds amount to approximately $900 million, which the farmers have contributed toward that program.

In view of the negotiations that have taken place, I would ask the minister whether there is any possibility of any of the money being released at this time, without any profit to the government or affecting the fund's budget in any way?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, if money is to be released to farmers from the Western Grain Stabilization Fund in this calendar year, it would require an amending bill to be placed before Parliament and passed. It is certainly correct that there is well over $900 million in the fund, and the fund continues to grow. There has not been a payout for four years, and farmers' costs continue to escalate.

The reason a payout has not been made is that those who introduced the initial legislation, and put the fund together, did not take into account the severe economic inflation or the large grain exports that have taken place. As a result, there was a larger flow of money into the fund and increased costs arising from inflation.

It is estimated that if amendments are provided to establish a price factor—not merely volume of sales times the price, but a price factor itself—and if the period for which contributions are made should be changed from the calendar year to the crop year, then those two steps would enable a payment to be made this year.

For the information of honourable senators, there was a thorough discussion of this question before the Agriculture Committee of the other place. I considered it to be a good meeting. A motion was introduced by Doug Neil, the Conservative member for Moose Jaw, asking, in parliamentary terms, that consideration be given to certain amendments that would result in a payout, and the motion was passed unanimously.

I believe that all honourable senators will understand that to get legislation passed during this session will require an all-party agreement. I am hopeful I can introduce a bill that can be tabled in Parliament to provide for important and necessary changes to what is a very good act, and that with the co-operation of all three parties the bill will become law and farmers will be able to obtain from the fund the money I believe they are fully justified in asking for.

Senator Guay: Honourable senators, I am grateful to the minister for informing us that a bill will be introduced which will allow funds to be released to western farmers. Has a rate been established for the initial payment on grain? If so, how much and how soon?

Senator Argue: Honourable senators, I believe I omitted to answer part of the honourable senator's question concerning the Western Grain Stabilization Fund, namely, whether it would involve any cost to the government. The answer is that the program is set up on the basis of the federal government's paying a contribution of 2 per cent of certain gross receipts, and farmers paying a contribution of 4 per cent of the same gross receipts. If a bill is introduced in Parliament—and I hope it will be—it can be said at that time that, based on the analysis, the program will remain actuarially sound and therefore it will not be a call on the treasury as such. The fund has been built up. It exists. In my judgment, it is excessively large, and I believe that action should be taken to make a payment at this time and to change the terms on which payments are made in future.

With regard to initial prices and their establishment, the season is now upon us when it is the practice for the minister responsible to announce the initial prices for various grains for this year. I hope to make that announcement in due course, well before seeding. Recommendations I have received from departmental officials and the Canadian Wheat Board indicate that the world outlook with regard to competition, to size of stocks, and to price prospects is such that initial prices should be lowered by a substantial amount.

The theory behind the initial prices within the present marketing system is that they are established for the beginning of the crop year at a level that, it is projected, reflects the likely market, and as a percentage of the likely market price that will not call on the treasury for a payment. There is always a certain risk, and the advantages of such a system is that when initial prices are established, the nation's treasury stands behind those initial prices. We had an example last year when there was a deficit in the barley pool of $5.5 million and there was criticism of the Wheat Board's system costing the treasury any money, even what I consider to be the rather modest sum of $5.5 million. So the idea is to set it at a level that is not likely to cost the treasury money. In the past, during my term as minister responsible for the Wheat Board, if between the time of the announcement and the coming into effect of the initial prices, namely, August 1, it was felt that market conditions had changed so that there could, in fact, be an increase in those prices, the projected prices were actually increased before they came into effect.

Hon. Jacques Flynn (Leader of the Opposition): And never reduced.

Senator Argue: That's right. When we get into the crop year, if it becomes apparent that world prices are higher than had been anticipated some months before, an interim or additional payment can be made during the crop year. So long as I continue to exercise my present responsibilities, I will certainly give an undertaking that if those conditions change, then I am prepared to recommend a change to my colleagues.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is what I call a comprehensive statement.

[*Translation*]

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (GERALD HARVEY FUDGE AND AUDREY MARIE SAUNDERS; LOUIS PHILIPPE NADEAU AND MARIE THÉRÈSE RITA BRULÉ; ERNEST HODEL AND NORMA DORA LAURIE; BENJAMIN JOSHEPH ANDRADE AND HEATHER WINNIFRED ANDRADE; JUAN ANDRADE AND EMILIA RODRIQUEZ; HENRI PATRY AND ALDÉA BÉA PITT; JOSEPH ROLAND RÉJEAN DAOUST AND MARIE LISE SYLVIE GIRARD; AND PEARL KIM LEE AND THOMAS SIEGFRIED WIELAND)—

THIRD READING

• (1450)

Hon. Fernand-E. Leblanc moved for third reading of Bills S-2 to S-9, inclusive, to provide an exemption from the public general law relating to marriage.

He said: Honourable senators, at yesterday's sitting, it was agreed to have Bills S-2 to S-9, inclusive, dealt with en bloc. Perhaps the eight bills could be called now, and I will then move for third reading.

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

Hon. Senators: Agreed.

Hon. Martial Asselin: Honourable senators, before proceeding with third reading, I would like to say a few words about the private bills before the Senate today.

We took some time to study them because the Opposition had every reason to want to find out the Government's position on these private bills, a whole series of which have been tabled in the Senate since 1975-78. In 1978 Senator Perrault, who was Leader of the Government at the time, promised us that the Minister of Justice, who was Otto Lang, I believe, was seriously considering the possibility of amending the general law to include these exemption cases. Since we have never

received an affirmative reply from the Minister of Justice, we had to start all over again this year and urge the present Minister of Justice to take action so that the Senate would not be flooded with a series of private bills of this kind, as had been the case for far too long with divorce bills.

Honourable senators will recall that when divorce was not allowed in Quebec, these cases were examined in the Senate by a special committee. The Divorce Committee's sittings were endless, and the Senate had acquired a reputation for having more power than the Pope to "unmarry" people who were already married.

I remember that when I was a young lawyer, a gentleman came to see me to have his marriage annulled by the Church, but I was not successful. He went to see another lawyer and came before the Senate. A few months later, he got his divorce. Later he came to see me at my office and said: "Mr. Asselin, now I know that the Senate is more powerful than the Pope, because the Pope refused to annul my marriage, but the Senate unmarried me."

This is not to say that the cases before the Senate today are similar to divorce cases, but we on this side of the House do not want this annual stream of requests for marriage law exemptions to continue. We feel that when the general laws of this country are no longer observed by the vast majority of the population, it is up to Parliament to amend and change the law. That is why we may have been a little too emphatic in committee and perhaps hurt the feelings of some of the petitioners and their attorney, with our long discussions. However, we wanted to be sure that the Minister of Justice would appear before the Committee on Legal and Constitutional Affairs and be given a chance to reiterate the promise made by his predecessor to change the general law.

The Minister appeared before the committee. Of course, it was a difficult time for him because he had just announced he would be a candidate for the leadership of the Liberal Party. Although we have been good friends since 1950, I did not want to be too congratulatory, I wanted to tell him that I could not vote for him since, obviously, I would not be invited to the Liberal Convention.

In any event, that was the kind of atmosphere there was when the Minister appeared before the committee. After lengthy discussions and exchanges of views, the Minister inferred that he would not be unfavourably disposed towards a bill that would incorporate the exemptions being sought in the private bills before the Senate today. However, the minister made a vague promise as to whether it would be done in a month or in a year because, as he put it, the matter must be submitted to the senior officers of the Department of Justice, it has to be considered and reconsidered, and a new bill will have to be drafted. One should not hold one's breath when dealing with bureaucrats—federal and provincial alike.

We did not really expect that the general legislation might come up for amendment in the foreseeable future. That is when the members of the committee suggested that perhaps a private or semiprivate bill—

[Senator Asselin.]

Hon. Royce Frith (Deputy Leader of the Government): A private public bill.

Senator Asselin: Right, a private public bill.

Our Law Clerk and Parliamentary Counsel has distributed a bill which will be introduced by our colleague Senator Stanbury and which we may have an opportunity to debate later on.

Since that bill would be introduced in the Senate, we then agreed to examine the private bills of exemption sponsored by Senator Leblanc on behalf of the petitioners. That did give us an opportunity to delve somewhat deeper into the subject matter of the private bills before us.

I was not unduly concerned over the fact that there was affinity between couples who wanted to marry; that did not worry me, but the issue of consanguinity did arise in some cases and many of the private bills we have now involve direct relationships through consanguinity. Some experts came to enlighten us on those cases of consanguinity—especially a Montreal physician whose name I forget—and they said that in-depth studies of those cases revealed that the consequences might not be as disastrous as some people used to think. We felt reassured and so we agreed to re-introduce private bills of exemption in the Senate.

We do hope that the bill introduced for first reading by Senator Stanbury will be well received and passed quickly. We hope as well—and I will make that request to the Deputy Leader of the Government in the Senate—that the Minister of Justice, the Honourable Mr. MacGuigan, will agree to sponsor that private bill as a government bill. He can do that, otherwise a private bill can be sent to the other place and remain on the order paper for weeks and months without coming up for debate. However, if the minister wants to introduce it as a government bill, it would be considered as such and might be adopted more rapidly.

On those conditions, honourable senators, we accept to adopt those bills on third reading.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I want to make my position clear. I intend to vote against this Bill because I believe that such problems should be solved by the general law. I would like to point out that, if the Senate passes these Bills at the third reading stage, it will be in a totally illogical position if it then decides to reject the Bill introduced by Senator Stanbury. If we vote against these Bills, we would have the option of amending the general law; that would be possible. However, I believe that it is illogical for the Senate to pass this private Bill before considering the Bill introduced by Senator Stanbury. This is why I shall let this Bill pass on division, unless other senators request a vote.

Hon. Louis-J. Robichaud: Honourable senators, I find the position taken by the Leader of the Opposition perfectly logical. It is true that the Bill which Senator Stanbury will introduce would seem to settle all the cases which cause me some concern.

At the Committee meeting yesterday, I was concerned with this issue since the purpose of so many private bills will probably be served by Senator Stanbury's Bill.

However, I cannot agree with the Leader of the Opposition since I must vote in support of these Bills. On the other hand, I believe that there is some weakness, and on this point, I agree with the Leader of the Opposition.

Motion agreed to and Bills read third time and passed on division.

• (1500)

[*English*]

INCOME TAX CONVENTIONS BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Buckwold, seconded by the Honourable Senator Stanbury, for the second reading of the Bill S-11, intituled: "An Act to implement conventions between Canada and the Republic of Tunisia, Canada and the People's Republic of Bangladesh, Canada and the United Republic of Cameroon and Canada and the Democratic Socialist Republic of Sri Lanka, an agreement between Canada and Kenya and conventions between Canada and the Arab Republic of Egypt, Canada and the Republic of the Ivory Coast and Canada and Sweden for the avoidance of double taxation with respect to income tax.—(*Honourable Senator Flynn P.C.*)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before Senator Flynn commences his remarks, I would remind you that yesterday I said I would look into the question of the constitutionality of this type of legislation.

Hon. Jacques Flynn (Leader of the Opposition): I did it myself.

Senator Frith: Senator Flynn says he did it himself; he may have come to the same conclusion I did. I found that this issue was raised with respect to Bill S-24 which, in effect, is exactly the same as the one before us. The only difference is the method of approving or disapproving of the orders in council which, in my view, changes the bill, but not on this point. I agree that we must look at the new form, but I did not think that new form of negative-positive resolution, et cetera, has anything to do with the issue of constitutionality. We did go into that issue quite thoroughly with respect to Bill S-24. That bill was studied by the Legal and Constitutional Affairs Committee and was passed by the Senate and the House of Commons. Thus, for me, the question of constitutionality has been satisfactorily answered.

Hon. L. Norbert Thériault: Honourable senators, it is my understanding that the bill before us will be sent to committee in any event.

Senator Frith: Yes, that is right.

Senator Thériault: I am not an expert, nor am I a lawyer; however, I have seen a great deal of legislation in my lifetime. I am not convinced by the statement of the Deputy Leader of the Government that the order in council does not vary the bill as compared to bill S-24.

Senator Frith: The committee can take a look at that aspect. However, it is my opinion at first blush that it does not change it. That, of course, does not prevent the committee from looking at it in order to ensure that it does not change the principle established in Bill S-24, namely, that such bills are not money bills in the constitutional sense.

[*Translation*]

Senator Flynn: Honourable senators, regarding the question whether this is a money bill, I certainly agree with the conclusions of Senator Frith's research. I checked myself: for ten years or so, we have passed a large number of bills initiated and approved in the Senate before being sent to the other place, and there were never any objections. Of course, this does not mean the point should not be raised in committee.

As for the question about the point raised by Senator Tremblay, which was to what extent these conventions affect taxes levied by the provinces, this point has been raised previously, and undoubtedly there are consequences in some cases. However, a committee would have to check to what extent.

Regarding clauses 28 and 29, which we considered yesterday, there is no doubt that with the new formula, Parliament no longer has the option of saying no to substantial changes. I feel that Senator Theriault's objections should be formulated in committee. Personally, I shall certainly object to this new formula. I believe we should go back to the old formula, since, as Senator Godfrey mentioned yesterday, Parliament should have a chance to say no.

However, subject to these reservations, I think the bill can be adopted on second reading and referred to committee.

Motion agreed to on division and bill read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* When shall this bill be read the third time?

Senator Frith: Honourable senators, on behalf of Senator Buckwold, I move that this bill be referred to the Senate Standing Committee on Legal and Constitutional Affairs for study and report.

Hon. John M. Godfrey: Honourable senators, I would like to ask a question of the Deputy Leader of the Government. Why is the bill being referred to the Legal and Constitutional Affairs Committee as opposed to the Banking, Trade and Commerce Committee?

Senator Frith: Honourable senators, that is a good point. Bill S-24 was referred to the Legal and Constitutional Affairs Committee on the last occasion because of this question of constitutionality. Senator Godfrey is quite right; the Banking,

Trade and Commerce Committee can study this bill. In fact, such bills normally go to that committee.

Honourable senators, with leave, I will change my motion to provide that this bill be referred to the Banking, Trade and Commerce Committee subject, of course, to the understanding that the same questions can be raised there.

Motion agreed to.

BORROWING AUTHORITY BILL, 1984-85

SECOND READING—DEBATE ADJOURNED

On the order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Olson, P.C., for the second reading of the Bill C-21, intituled: "An Act to provide borrowing authority".—(*Honourable Senator Roblin, P.C.*)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I hardly know how to approach the subject—it is so well worn in this chamber—of the deficit, the national debt and the means by which these problems are accommodated in Canadian fiscal policy.

● (1510)

If one looks at the bill, one sees that it is a rather poor thing. It has three clauses, 34 lines and about 250 words. In fact, one could almost get everything on one page, but it certainly packs quite a wallop because it authorizes the raising of $24.50 billion. We have been told, and I think it is true, that the whole of that amount will be used up by the time the next fiscal year rolls around and that the government will be going to the Canadian market for approximately $2 billion a month of new money, to say nothing of what they must do to roll over maturing portions of the present national debt of $140 billion.

I have to admit that the present Parliament, including this chamber, is pretty case-hardened when it comes to any review or discussion of the deficit, the national debt and the interest charges that belong to it, and although I expressed my view that the trends in our fiscal policy have catastrophic implications, not only for the present time but for the future, I have to admit that, as far as our debates in this house are concerned, the question of public finance is barely acknowledged as a serious problem.

That attitude is in curious contrast to that which prevails in the United States of America, for example. In that country, they have a deficit this year that will run somewhere between $150 billion to $200 billion—probably closer to the latter amount. However, in that country the national debt and the deficit are real issues. They are not only issues in the legislature; they are issues in the street. If you walk down the street of any town in that great republic and talk about the deficit on the federal account, you can stimulate a vigorous debate. You can also stimulate the expression of almost universal opinion that the deficit is too high and that something should be done about it. From the man in the street to Mr. Paul A. Volcker at the monetary control office, the question of the deficit in the United States is one that brings real anxiety. We see it overhanging the market, and we see it overhanging main street in every town in that great country.

Here, in a land where our debt, proportionately speaking, is at least 50 per cent higher than that in the United States; in this country which has a reputation for prudence and sometimes even parsimony, when I reflect upon our French-speaking and Scottish ancestory and when I reflect upon the development of the Canadian banking system; in this country of prudent economic managers, we find few people, certainly few on the cabinet benches, who are worried about this particular question.

The Minister of Finance has said that he is not afraid of the deficit that we have in this country today. It puzzles me as to how to demonstrate to my colleagues in this house that the Minister of Finance should think again. Quite obviously, he does command in the legislature of Canada, both the Senate and the House of Commons, wide support for the thought that this deficit is really not something that we should become as concerned about as I, for one, would like us to be.

How do we illustrate, in terms that ordinary people can understand, what a fiscal policy of this sort means? How do we illustrate what these years of deficit financing, and these last 16 years of accumulating burden in respect of the debt structure of this country, mean to us? There are a number of ways of looking at it. The International Monetary Fund took a look at it and came to the conclusion that, with respect to interest, the Canadian debt servicing burden was the biggest in the industrial world. Our employment situation is pretty bad, too, but this certainly adds to the mix when we find our what the burden of servicing this debt is on the public finances and, therefore, on the taxpayers of this country.

I have said it to the house before, and I repeat it because it is an illustrative figure, that out of every $3 that we actually collect in tax money from the taxpayers of this country, $1 is dedicated to do nothing but pay the interest on the national debt. It is easy to say, but think about the implications of that state of affairs. There are, in this country today, some ten million taxpayers who pay personal federal income tax. In 1983, the average amount of money each of those ten million taxpayers paid to the tax collector was $2,800. However, the debt charges per taxpayer in this country are $1,700, so more than half of the money paid by each taxpayer of Canada in personal income tax to the federal government did nothing more than pay the interest on the national debt. It seems to me that this situation is one which raises the question, in biblical terms: How long, O Lord, how long? Although I would not use that expression, I just say that there does not appear to be any relief on the horizon.

The government, however, has not been idle in connection with this matter. New taxes are being levied. By the thoughtful provision of the budget of April 1983, we are now entering into a phase where new taxes are being collected by our federal administration. Let me tell you what they amount to. In 1984, this year, the new tax will provide an additional $2.140 billion. For 1985, it is much higher—$4.340 billion. In 1986, it will be

$5.654 billion, so there is new money coming into the treasury on account of these extra taxes that are being levied in this year for the first time.

However, in spite of the new taxes and the government's fiscal plan, if it deserves that title and if it is to be believed, in spite of these very large increases in taxation, the deficit will not come down very much. It will not be decreased either through the application of the new revenues or because of the fact that prosperity, good times or whatever the Minister of Finance wishes to call them, will provide more money for the public treasury. In spite of those two factors which ought to increase the flow of cash into the government treasury, the decrease in the deficit, as estimated in the fiscal plan over the next few years, is derisory. In 1983-84, the deficit will be down $1.85 billion over the previous year while the new taxes alone will raise $2.140 billion. In the next fiscal year, the deficit will come down another $1.68 billion, while at the same time the new money coming in from taxes increases by $4.360 billion. In the following year, the debt burden will go down by less than $1 billion, to wit, $850 million, while the new taxes being levied will amount to $5.654 billion. Those figures from the government's fiscal plan make it perfectly clear that, in spite of the fact that we will be imposing new and very substantial, higher taxes on the public, and in spite of the fact that these figures include an estimate for the progress of the economy that is not generally shared by many people who look at it—in spite of those things, when it comes to reducing the national debt in the country, and when it comes to reducing the deficit in the federal budget plan, we find that we barely scratch the surface.

What will happen if we do not have these good times that the Minister of Finance is prophesying; what happens if they do not materialize? It is quite obvious what is going to happen—the deficit will be a lot larger. I certainly hope that the Minister of Finance is right, because nobody in his right mind, for any reason whatsoever, would want the deficits to climb any higher.

However, we have to face the fact that, depending on the good times as forecast by the minister, there is a possibility—and I put it no higher than that—that he will not realize his goals and that the deficits, instead of improving, even if ever so slightly, will become worse.

Hon. Peter Bosa: How do they compare with the gross national product?

Senator Roblin: How do they compare with the gross national product? My honourable friend can find the answer to that in the fiscal records, if he wants. I do not see the relevance of that question in respect to my argument, because a billion is a billion is a billion, no matter how it compares to the gross national product. However, since my honourable friend is asking about the gross national product, let us look at some of these figures.

• (1520)

Mr. Lalonde said in his budget of February last that for 1984 the gross national product, or what I call the real economic growth, will rise by 4.9 per cent. Well, maybe so. The Conference Board of Canada the other day said that they did not believe that; they said it would rise by 3.5 per cent, which is 50 per cent less than what the Minister of Finance is anticipating. I do not say that the Conference Board of Canada has any magic number, that they know what is right, but that is one indication of what substantial people think, and if you want to pile up the evidence by investigating the forecasts of all economists, I think you will find that there is considerable evidence to make one believe that some of them think that Mr. Lalonde may be overestimating what may happen.

For 1985 Mr. Lalonde has estimated that the gross national product will rise by 3.5 per cent; the Conference Board of Canada says that it will rise by less than one half of one per cent, which is practically nothing. So, if you want to compare the debt with the gross national product, or the real value of the economy, there is those sets of figures to look at. However you interpret those figures, they establish the point, I think, that unless we are fortunate, unless we do have that increase in the gross national product that Mr. Lalonde is forecasting, the odds are that we will wind up worse—in fact a good deal worse—than what he shows for the years down the road.

So, there is a substantial risk—and I put it no higher than that and I hope that it never materializes—that the future projections made by the government in its fiscal plan will turn out to be too optimistic. We know that inflation is not entirely subdued; we know that unemployment here is not better, it is worse, and that in the United States it has fallen drastically to 7 or 8 per cent; and we know that interest rates in Canada are up. There are plenty of cautionary signs to indicate there is absolutely no leeway in this business of the public deficit.

There is another way to look at the problem we are facing. If we analyse the fiscal plan the government has given us for the next five years, we find that according to that plan the government will borrow the sum of $91.2 billion. That is the sum they expect to borrow over the next five years. An interesting comparison is to see what the government expects to pay in interest over the next five years. The interest on the public debt according to the fiscal plan is nearly $91 billion. The government is going to borrow $91.2 billion and will use almost all of it—$91 billion—for what? To pay the interest on the public debt. To invest in something productive; to free up the capital of the country; to stimulate the enterprise system and to provide more jobs; for constructive uses of which we might be able to approve? Unfortunately not. All that that sum of $91.2 billion is going to do is pay the operating expenses; all that will do is pay the interest on the national debt for the next five years. Think about that—$91 billion to be borrowed over five years in order to pay the interest on the national debt. It does not retire a nickel, it just pays the interest, and that is the pressure of compound interest rates. Look at the deficit of our country and look at the impact of this borrowing bill from that point of view if you want to gain some appreciation of what it might mean to the country.

If one takes the whole of the budget today, 25 per cent is dedicated to paying interest on the national debt, but by 1987, if current trends continue, 40 per cent of the budget—not the cash inlay, but the cash plus what is borrowed—will be required to pay the interest on the national debt. Imagine the situation we will be in if this comes to pass. If you look at the fiscal plan the government has presented to us for this five-year period, there is every reason to think it will come to pass. Of the budget of the country, 40 per cent will be dedicated to paying the interest on the national debt, yet we are told that we need not be afraid of the deficit of over $20 billion we have in our financial accounts today.

There is another way of looking at this. From 1961 to 1983 the CPI rose by 270 per cent. During the same period of time, total Canadian incomes rose by 524 per cent. That is a figure Senator Bosa will be interested in—the total income of the country. But the debt-servicing costs went up by 1102 per cent. The fastest-rising item of the expenditure of the Government of Canada is interest to pay the national debt.

I can give you more figures, but perhaps they are hard to digest if one is just listening to them. Perhaps they are not very stimulating, but if one reflects upon them in private, they may be more meaningful.

In 1984 the Canadian deficit is equal to 91 per cent of the personal savings of the people of Canada; 91 per cent of the personal savings of the people of Canada is required to finance the debt that is covered by the bill that is before us, and not only that, many borrowers in Canada have been forced abroad.

I see from this statement the Bank of Canada issued yesterday, and which my colleague referred to, mentions that we had a flexible position in terms of raising money within the country; that it really did not put any pressure on interest rates and we need not be concerned about that. Well, maybe so, but one fact we all know is that it is not only within Canada that people are doing their borrowing. The provincial governments in particular, the provincial utilities in particular, and a good many corporations in the private sector, are not borrowing all their money in the Canadian market; they are borrowing it in foreign markets. The result is that the Canadian foreign debt today is $76 billion. It is no real source of pride to say so, but that puts us in the same league as Brazil and Mexico in terms of volume, although I hasten to add we are not in the same league with Brazil and Mexico with respect to our general fiscal policy, and thank God for that.

The interest on the money we borrowed abroad comes to $10 billion a year, and it takes all the wheat that my friends in western Canada sell and all the natural gas we export to pay the interest on the national debt that has been placed abroad and not placed in Canada. So we have this dead-weight government debt not in wealth-producing items but just to pay operating costs. That is the record.

I must admit that this is not the first time I have raised this matter in the chamber. I must admit that I have not been very successful in attracting support for the proposition that we should express our concern about this state of affairs. I must admit that most honourable senators agree with the Minister of Finance that we do not need to be afraid of the deficit, and I presume it follows from that that we do not need to worry about the fiscal plan either that he has projected for the next five years and which we have before us, but I will be the first to admit that, even if my position were adopted entirely, there is no quick fix. That is the problem we have to recognize. We have to recognize that 16 years of folly will not be cured overnight; we have to admit that this is like the giant leviathan on the sea—you cannot turn it around in a second; it will take a great deal of time. We have to admit that good times are not going to bail us out; that too much of our debt is structural and not related to the economy as it moves up and down, but there are some things that we can do and some things that this house ought to express its opinion upon.

If we want to do something about the future, the first thing we should do is plan to live within our budget. For the past 15 years no government—well, I will exclude the Clark Government because it did not get a chance to find out, but during the last 15 years of the regime of the current Prime Minister, I do not believe there was one year in which we lived within the original budget estimates placed before the House of Commons. We have to learn to live within our budgets.

The second thing that I think this house ought to do is tell the government that when raising new taxes those funds should be dedicated to reducing the national debt and not dissipated, no matter in what desirable way, in order to spread the money among the people of the country. I think that our long-term interests would be better served if we were to insist on new tax dollars being dedicated to reducing the national debt.

The third thing we should suggest is that we recognize priorities. We cannot do everything. We should try to make up our minds on those things we can do without. I suggest that we start on this business of priorities by dealing with the Liberal slush funds that we have heard so much about recently. If these electioneering expenditures were eliminated from the budget, we would be half a billion dollars ahead in our plan to make the country a little more fiscally responsible than it is at the present time.

Senator Bosa: What about job creation programs?

Senator Roblin: They want to create jobs by returning Liberal members of Parliament. That is what the job creation programs are all about. A lot of that job creation business is the most dead-end proposition one ever saw, to suck people into these—well, I believe the expression is "leaf-raking jobs", but they are not as bad as that.

• (1530)

An Hon. Senator: What about the advertising agencies?

Senator Roblin: They have a bonanza. They know when they are well off. If this money were being spent on permanent jobs that really did something to reinforce the economic structure of the country, I might have to change my tune, but I do not believe that is the case. It seems to me that it is a slush fund. It is being used for temporary purposes. It is not going to

do anybody much good in the long run except put a little spending money in their pockets on election day so that they know what to do when they get to the ballot box. But let me leave that aside; I did not intend to be provoked into a political discussion.

Hon. Martial Asselin: You can blame Senator Bosa.

Senator Roblin: I know that Senator Bosa likes to exchange views with me and, of course, I would not dream of talking politics to the Senate. That is something that we do not approve of entirely.

I just want to make a very simple statement. The deficits do matter, despite what anyone says. They are not an abstract problem. They deal with the lives, the livelihood and the welfare of men and women in our country. If they are not managed in a sensible way, the money that the deficits raise to spend for whatever purposes in the long run turns into a boomerang to impede the development of our economy. The federal government—if my mandate extended further I would refer to other governments, but it does not—must learn to live within their means, and they must offer reasonable assurances that they can find a way to do just that and to deal with the deficit in an effective manner in the foreseeable future. There is nothing in this bill that makes me confident that any of those things are being considered by those in authority. There is nothing in this fiscal plan, which I have looked into in some detail, that leads me to think that they are really attacking the problem that I am concerned about in a timely and effective way.

For those reasons, I have to say that I have no confidence in the fiscal policy of the present administration. I agree it is not the function of the Senate to refuse finance bills because that is a confidence matter and not our responsibility, but I have to express my concern about the state the nation is in. I have to express my concern that once again we are being confronted with these monumental requests for more new money, most of which is simply going to pay the housekeeping bills and very little, if any, to promote the development of our economy and the welfare of our people. I am sure this bill will pass this house, but I regret that I cannot give it my approbation.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Frith: Honourable senators, I agree with Senator Roblin that this bill packs a lot of punch for the number of words. It reminds me of what Senator Buckwold said last evening about the number of words in the Lord's Prayer. I will not carry that metaphor any further.

I also agree with Senator Roblin that deficits are not an abstract question. They affect the lives of all Canadians. The borrowing authority bill which is being presented here, linked as it is to the deficit, is not being presented with the idea that it is an artificial or abstract question. The bill is tightly linked to the budget and, therefore, the discussions on the deficit are quite relevant. Senator Roblin and other honourable senators understand that the government is concerned about the deficit, and will continue to be concerned. However, let it be clear that this deficit is a part of the budget plan, the fiscal plan, for an investment-led recovery and an expansion of the economy. It is deliberately accepted as a higher deficit than would otherwise be desirable for exactly that purpose, with the intention and understanding that the expansion will have the result of reducing the deficit. That is the risk, and there is always a risk in this sort of planning. As Senator Roblin said: What if it doesn't work?

Senator Roblin: Even if it does work, it is no good.

Senator Frith: Governments have to make decisions as to how to plan these things and what risks to take. It is clear that that plan is not supported by Senator Roblin, but it is not a mysterious plan.

I waited to hear as a matter of opposition policy—and I agree with Senator Roblin that we cannot get into these financial questions too deeply, but we can as to fiscal planning—whether or not there should be a deficit and, if so, how much that deficit should be, and—

Senator Roblin: I covered that.

Senator Frith: —what relationship it should have to the gross national product—

Senator Roblin: You didn't listen very well.

Senator Frith: Yes, I did—and exactly how it would be reduced. The only suggestion I noted was that we must live within our means. Senator Roblin pointed out that that is one of the risks that you have in government. You have to plan on the basis of a budget; you have to take into account your estimates as to many factors, including the expansion of the economy; and, of course, the intention always is to live within the budget. However, there are factors that affect that. Certainly we can support that principle.

Ought we to reduce the deficit by increasing taxes? Senator Roblin said: If you increase taxes—

Senator Roblin: You have.

Senator Frith: He did not say that taxes ought to be increased. He did not say increasing taxes was part of the program to reduce the deficit, but if they are increased then what one should do is apply that increase to the deficit.

Another way of reducing the deficit would be to abolish these job-creation programs. Of course, that is pooh-poohed as slush.

Senator Roblin: First class slush!

Senator Frith: As I understand it, a number of people in the country will be interested to know that with respect to the job-creation programs, which are part of the budget and, therefore, relate to the deficit, that the opposition party thinks they are nothing but slush, and, therefore, I assume, ought to be cancelled.

As to whether or not we should reduce unemployment insurance benefits or old age pensions, or what form of government spending exactly we should reduce—we have not heard anything on that yet, but perhaps we will some day.

Senator Roblin: Start with Liberal patronage.

Senator Frith: Honourable senators, that is all I have to say with reference to the intervention of Senator Roblin. Therefore, I recommend second reading of this bill, on the understanding, of course, that if it receives second reading I will propose that it be referred to the Standing Senate Committee on National Finance where many of the questions that have been raised in the debate can be asked of the minister and his departmental officials.

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

Senator Roblin: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

PROHIBITED DEGREES OF MARRIAGE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Richard J. Stanbury moved the second reading of Bill S-13, to consolidate and amend the laws prohibiting marriage between related persons.

He said: Honourable senators, I am grateful to Senator Asselin and other honourable senators for having given us the background of this bill. Bill S-13 is a bill to consolidate and amend the laws prohibiting marriage between related persons. I suggest that there are four principal reasons why this bill should gain your support. First, I point out that in Canada the law regarding prohibited degrees of marriage is ambiguous in that in the case of both divorce and adoption, it fails to deal clearly with the question of relationships. As an ever-increasing number of Canadians become affected by either divorce or adoption, the time has arrived for Parliament to step in and clarify these matters. A further inconsistency is that the present law allows a person to marry a nephew or niece of a deceased spouse, but, apparently, not the uncle or aunt of the deceased spouse. It is, in that respect, nonsensical.

● (1540)

The second and related reason, honourable senators, why this bill should commend itself to you is that it would update the law. Those of you who have been following the proceedings in the Standing Senate Committee on Legal and Constitutional Affairs with respect to its subject matter reference in this area will note that both witnesses so far, the lawyer and the geneticist, have recommended that the law be modernized. Parliament has done so in Australia with no adverse repercussions, political or otherwise. The time has come to do so here.

Bill S-13 would modernize our law in three ways. In the case of persons related by blood, it would reaffirm the law that persons may not marry if they are related lineally, that is, a parent and child, or if they are brothers and sisters, but it would otherwise relax the law to allow marriage between persons who are related as aunt and nephew or as uncle and niece.

In the case of persons related by marriage, it would relax the law by allowing a person who has lost a spouse by divorce to marry the same relatives of the former spouse as the law already allows when the spouse has been lost by death. This would be the brother or sister or the nephew or niece of the divorced spouse. The proposal would also allow a person to marry the uncle or aunt of the deceased or divorced spouse.

Further, by enacting that a relationship by adoption is no prohibition to marriage, the proposed legislation would move in the same direction as did the Standing Senate Committee on Legal and Constitutional Affairs in 1978 and as the courts have confirmed since that time in the *Re Broddy* case.

The third principal reason why this bill deserves your support is that it will make uniform across the country the law with respect to the degrees of relationship within which persons may not marry as well as establishing a common source for that law. At present the law in each province may vary slightly from the law in other provinces depending on the date on which the laws in this regard were introduced in the province and the source from which these laws were derived.

Honourable senators, the fourth and last principal reason why you should support this bill is that it will provide a solution to the problem of the ever-increasing number of private bills emanating from petitioners seeking exemptions from the public general law on marriage. By bringing in a new and liberalized régime, you will spare many couples the expense and uncertainty of presenting a petition and you will spare the Senate the time and the difficulty of entertaining the petitions presented.

Honourable senators, for the four reasons I have given you, I feel that Bill S-13 deserves your support. Professor H. Albert Hubbard, Q. C., Acting Dean of the Common Law Section of the Faculty of Law of the University of Ottawa, author of the article, "Marriage Prohibitions Adoption and Private Acts of Parliament: The Need for Reform," and a witness before your committee on the subject matter reference, says in concluding his article:

> We are living in a time when marriage is not a condition of cohabitation. Our law on the prohibited degrees does not prevent people from living together outside the bonds of matrimony, and there is no longer any social stigma in their doing so. If they wish to get married, why prevent them, particularly when to do so is only to weaken the institution of marriage by threatening its relevance?

> The reforms in question are unlikely to excite any more controversy here than they did in Australia. Indeed, were Parliament to reject such a reform, the private acts of exemption it has already passed would make a mockery of the general law by which everyone else would be expected to abide. Clearly, the time for reform of this anachronistic law has arrived.

Honourable senators, I recommend second reading of Bill S-13 to you so that it may then be referred to the Standing Senate Committee on Legal and Constitutional Affairs for detailed study.

Hon. Senators: Hear, hear.

Hon. John M. Godfrey: Honourable senators, it would appear that this bill contemplates making it legal for a parent to marry an adopted child. Is that the present law?

Senator Stanbury: Honourable senators, it is my understanding that that is the present law according to the *Re Broddy* case, and that case confirmed the action of our committee in 1978. However, in that respect, the intention of this proposed bill is purely to consolidate the law as it now stands. It will certainly be open to the committee to make whatever amendment it may wish to make to deal with that specific situation or any other specific situation.

Senator Godfrey: I have one other question and, although I am not a member of the committee, perhaps it would best be raised during the committee hearings. My question is: What was the reason for having a separate clause 2(1) and clause 3(1)? It seems to me they could have been put together with the insertion of "nor is a marriage between them invalid" in subclause 2(1).

Hon. Martial Asselin: Senator Godfrey will be able to make his case in committee.

Senator Godfrey: That is a drafting question.

Senator Asselin: Senator Stanbury is not a drafter.

Senator Stanbury: I invite honourable senators to attend the committee meetings and make suggestions as to amendments in the wording.

Senator Godfrey: I invite honourable senators on the committee to make a note of my remarks.

Hon. Richard A. Donahoe: Honourable senators, when the subject matter which is responsible for this bill was before the Senate in a private bill on an earlier occasion, I rose and expressed my views with respect to the dispensation which was being sought: the exemption from the general regulation. I made it perfectly clear that, as far as I was concerned, it was not an exemption that should be granted lightly, that it was not an exemption that should even be considered. I went so far as to say that there might be certain cases where age or circumstances might justify departing from the norm and allowing the marriage to take place. In other words, I was prepared to consider each individual bill on its merits, and I was prepared to be somewhat lenient with respect to them.

At the time it was suggested that a bill such as we are now considering for second reading might be introduced and that its effect would be—as the honourable senator has said in advancing his fourth reason—to spare honourable senators the time and the difficulty of considering an ever-increasing number of private bills, and it would do so by the simple expedient of just removing the law, changing the law.

As I listened to Senator Stanbury, I found that what he really said was this: We have a problem here. We have to deal with it. There are many people who want to behave in a way that, up to this point, has never been considered ordinary or normal behaviour. He justifies it by the simple expedient of quoting a law professor who said that today we have reached the point where there is no stigma attached to living together without the benefit of matrimony. Well, that may be what the professor thinks; it may be what Senator Stanbury thinks; but it is certainly not what I think. I think that there is a stigma attached to people living together, and if that stigma is not such an active one as it used to be, if it is not fraught with the same dire consequences that it used to contain, then I still feel that it is not a practice that ought to be endorsed.

• (1550)

The honourable senator says that all we are doing is limiting the degree of kindred in which marriage is forbidden. He says that linear marriages still shall not take place; that a brother cannot marry a sister. Honourable senators, I do not propose to be long this afternoon but I merely want to say this: I was obliged to be absent from this chamber during the time the matter was being considered in committee. I understand that a number of meetings have been held, a number of witnesses were heard and some decisions were reached. One of those decisions was that at least twelve distinct and important religious denominations in this country should be contacted in writing by this committee in order that their views might be ascertained before the committee took action. I understand that they were so requested to express their opinions. I am a member of the committee and I did attend the last meeting at the first opportunity I had, and at that time no answers had been received from the denominations.

Honourable senators, we find ourselves in the exquisite position of saying that it is important to hear from the various religious denominations their views about this bill, but, on the other hand, that we should proceed before we give them any opportunity to respond.

Hon. Royce Frith (Deputy Leader of the Government): That is not what we are suggesting. The bill will be going to committee, senator.

Senator Donahoe: The deputy leader can say what he likes, but that is not what I understood at the meeting. Perhaps he can tell us what his understanding is.

Senator Frith: The bill will be sent to committee for that very purpose.

Senator Donahoe: The committee wants to seek the views of the twelve denominations. I understood that that request was made, but as a member of the committee I have not heard the

view of one of those denominations. The answers have not yet been forthcoming. My honourable friend says to me that they will come, and I trust and hope that that is true. All I am saying is that we are acting on the matter before we get those opinions, so that when they come it will be like locking the stable after the horse has been stolen. It will not matter what their opinions are if we have already taken action on this bill. That is all I am saying.

Senator Frith: This is only second reading, senator. The bill will go to committee. It will not receive third reading until we have heard the opinions of those denominations.

Senator Donahoe: That may be. My honourable friend can say that we have not yet reached a final disposition of the matter and that there is still opportunity to take into account the views of those churches. The fact remains that we are making a substantial move in that direction and we are being urged very vigorously.

In any event, I merely want to conclude by saying that it is not denominational views or religion that motivate me in this matter. It is a question of culture. Honourable senators, in this day we hear a great deal about culture. We hear about the Indian culture, the black culture, various ethnic cultures. Culture is a matter of the greatest importance. This, to me, is a matter of Canadian culture. It may be the culture of other nations as well, but here in Canada we are being asked to authorize something which was not an accepted practice in times gone by. Today we are being asked to modify the law so as to make marriages of this kind an accepted practice. I, for one, do not feel that we ought to take the step in that direction. I can see that it might be possible to act as we are urged to act and to sweep the problem under the bed. We simply do not care about it. We are not concerned about marriages of this type because, after this bill is passed, they will not be against the law of Canada and therefore they will not come to our attention. We can then go comfortably on our way and think what fine fellows we are.

Honourable senators, that is not good enough for me. I am taking this first and earliest opportunity to express my opinion publicly and say that this is a retrograde step that we are being asked to take, that we are doing it for reasons of our own comfort, our own convenience and our own satisfaction. If we take this step, we will be departing from the norms of—I will not even say religion, but certainly from the norms of practice and culture. I see no reason why we should take this step.

I conclude by saying that the type of argument advanced with respect to this bill is essentially the same type of argument that has been advanced regarding other matters where we have been told not to be reactionary but to be more liberal. Those views prevail. They prevail in the case of abortions and they prevail in the case of divorces.

We may have saved a great deal of difficulty for the members of this chamber. I listened the other day to an impassioned appeal to the effect that the old law created great difficulties in the Senate and that now we are much smoother working since we do not have to consider those matters. That may very well be, but the fact remains that, in both cases where we allowed things to take place that have not previously been allowed, we succeeded in multiplying the number of abortions and the number of divorces. Here again, in my opinion, by removing what up to now has been a taboo, I think that we will encourage people to regard no longer in that way the kind of marriage that was once objectionable. I believe that that kind of marriage, which I find objectionable, will be bound to increase as a result of this bill and that the benefits to this chamber and to the men and women in it will be far outweighed by the damage that will be done to society.

I therefore want to make it clear at this early stage that I wish to have my name recorded as one of those deeply opposed to this bill.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I will not of course discuss the principles which Senator Donahoe has just stated, because he has very long parliamentary experience; however, as Senator Frith has noted, we are at the second reading stage and we have emphasized that the churches should be consulted and asked whether they are interested in coming before the committee to express their views on this Bill.

I hope, and I may also be right in assuming that the various churches will take their responsibilities seriously and will come before the Senate and tell us what they think about the Bill now under consideration. We will then see whether we have to change anything in the Bill to remove some of the obstacles without offending anybody's sensibilities. I shall have other comments to add at the next sitting, and I therefore move that the debate be adjourned.

[*English*]

Hon. Henry D. Hicks: Honourable senators, with the permission of Senator Asselin, I should like to make an observation before the debate is adjourned. I shall not be long.

I originally intended to rise, honourable senators, to make a comment apropos of the intervention of Senator Godfrey, who thought that the bill might be further abbreviated. I was going to make the comment that, compared with a great many bills that come before us in this chamber, this bill is admirably drafted. It says concisely what it attempts to do and I would be more inclined to congratulate the drafter of the bill than to criticize him. But if my good friend Senator Godfrey can further simplify it, I am sure that the benefit of his advice will be taken up in the committee.

As for the intervention of my friend, Senator Donahoe, I disagree totally with the attitude that he has taken. I do not think we are passing a bill primarily as a convenience to ourselves. Senator Stanbury did throw that in as his fourth point, but that is certainly not the important point at all.

Honourable senators, this is a good bill. It recognizes a situation which is approved by lawyers and geneticists today. I think it deserves second reading and eventual passing by this Parliament.

On motion of Senator Asselin, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

STANDING SENATE COMMITTEE AUTHORIZED TO EXAMINE VETERANS AFFAIRS EXPENDITURES IN ESTIMATES

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the expenditures pertaining to Veterans Affairs set out in the Estimates laid before Parliament for the fiscal year ending March 31, 1985.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday I adjourned debate on this order in my name because I wanted to find out if the question had been discussed with the committee. I sent a note to Senator Marshall earlier this afternoon, asking him if it had the support of the committee. In his note back to me, he indicated that the chairman of the steering committee and the members of the committee all agree that this matter should be referred to the committee. Therefore, I see no reason why it should not go forward.

Hon. Duff Roblin (Deputy Leader of the Opposition): Hear, hear.

Motion agreed to.

• (1600)

CANADIAN YOUTH

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hébert, seconded by the Honourable Senator Le Moyne:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age;

That the Committee be composed of 12 Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than March 1, 1985, and

On the motion in amendment thereto of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:

That the motion be amended in the first paragraph by

1) deleting the words "a Special Committee of the Senate be appointed" and substituting therefor the following words: "the Standing Senate Committee on Social Affairs, Science and Technology be authorized", and

2) deleting all remaining paragraphs.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wish to speak briefly to this amendment and, inferentially, to the motion. If I understood Senator Marshall correctly, we can start on common ground, which is that he and I, and other senators, agree that this would be a worthwhile initiative by the Senate. He and I support the idea of the committee, as I believe do many honourable senators. The question before us, in the motion and amendment, is simply how we do it.

Senator Marshall made a good case for saying that it would be better to have this study referred to the Standing Senate Committee on Social Affairs, Science and Technology and that a subcommittee should be appointed to deal with it. There is a good deal of merit in that suggestion.

One of the reasons put forward by Senator Marshall is that we are up against a of proliferation of committees and problems in manning them. Having given thought to the matter, a case could be made for having a special committee or a subcommittee. We agree on the objective. After more thought, I believe it would involve less trouble and be less burdensome if we had a separate special committee. If we proceed to deal with the matter by a subcommittee of the main committee, we would have to do as we did in connection with the Lamontagne report of the Legal and Constitutional Affairs Committee, which would be to increase the number of committee members so that there would be a sufficient number of senators to establish a subcommittee.

We have recently reduced our committee membership to what we consider to be a more manageable size, namely twelve. There would be no specific advantage in terms of funding, or of the number of members on the committee, and, in my view, it would be less difficult to proceed on the basis of a special committee. I must say that when the suggestion to have a subcommittee was first made, my reaction was favourable. However, on considering the matter, I suggest that we proceed with the original motion, namely, to have a special committee. We need not make it a large committee. We could obtain attendance commitments from senators who might be members of that committee. That would be a better procedure than asking the standing committee to prepare a budget for the subcommittee and do the other things that would have to be done. So I believe that the study could be more efficiently dealt with by a special committee. I do not suggest that we

should vote now, but that is my position. I sympathize with Senator Marshall's views, but I believe that in the final analysis the best method would be to proceed by special committee.

Hon. John M. Godfrey: Honourable senators, I wish to support Senator Frith. I agree with what he has said. There is another advantage of having a separate committee. Senator Stanbury was chairman of a subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs. The subcommittee spent some months studying its subject and brought in a report on which we thought there was unanimous agreement. The whole committee met as a matter of routine and, on the very last day, cut out three or four of our recommendations. They had not attended any of our meetings, but they were lobbied by a few people. Therefore the original report of Senator Stanbury's committee did not reach the house. I believe that was regrettable. That would not happen by our having a separate committee.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 5, 1984

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

Prayers.

BORROWING AUTHORITY BILL, 1984-85

REPORT OF COMMITTEE

Hon. C. William Doody, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, April 5, 1984

The Standing Senate Committee on National Finance presents its

THIRD REPORT

The Standing Senate Committee on National Finance to which was referred Bill C-21, "An Act to provide borrowing authority", has, in obedience to its Order of Reference of Wednesday, April 4, 1984, examined the said Bill and reports the same without amendment.

Respectfully submitted,

C. WILLIAM DOODY
Chairman

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government): 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 *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, at the meeting of the committee earlier today I undertook to determine how the minister expressed his answer to a question raised in committee, the essence of which was the basis for the projections on interest costs with respect to the deficit and the public debt.

During a meeting of the committee of the other place, the Honourable John Crosbie asked, in effect, the same question Senator Phillips asked this morning. The Minister of Finance at that time stated:

> You have been the Minister of Finance, Mr. Crosbie, and you know that these figures have never been revealed, and I do not intend to reveal them. They would lead to speculation as to the forecast of interest rates in Canada by the government and as to forecasts on exchange rates by the Department of Finance, and I do not think that that is a step I would like to take.

The expansion on that takes place on the next page, where the minister stated:

> Mr. Chairman, the reason is that I do not want to interfere with the market. I will let the speculators and the forecasters go to their job of trying to guess what interest rates and exchange rates will be over the next few years. The United States government, indeed, is producing those figures. We have to remind ourselves that the United States has the main currency in the world, is the leader. We are not in that position as a country, and I will not change that policy.

Honourable senators, just in case that answer is not perfectly satisfactory, Senator Doody, the Chairman of the National Finance Committee—and he can correct me if I am wrong—has been instructed by the committee to write to the minister asking for an explanation.

Honourable senators, that is all I have to add. I ask you to support the bill on third reading.

Hon. Jacques Flynn (Leader of the Opposition): I was surprised when the deputy leader said that that reply was by the Minister of Finance, because the Minister of Finance did not appear before the committee this morning, but the Minister of State (Finance) did. I was in attendance while the minister was there and he did not reply to any of the questions; he handed all the questions over to his officials. The reply, which is a "No", given by the deputy leader was a reply given by the Minister of Finance and not the Minister of State (Finance). It does not add very much that way.

Senator Frith: That is quite right. The minister who appeared before the committee was the Minister of State (Finance), the Honourable Roy MacLaren. When the question was asked later of the officials, the officials referred to the minister and we did not ask which minister. After looking it up I discovered it was the Minister of Finance.

Hon. C. William Doody: Honourable senators, I would like to make one comment on Bill C-21 before we pass it. I am concerned over the format of the borrowing bills. Last year the committee was successful in persuading the Department of Finance to add a third clause to the format of the bill which, in effect, limited the unused spending authority. However, there is still a great deal of confusion about the actual amount of

money the government borrows over a year. This particular bill asks for authority to borrow $24.55 billion, which is a net amount. It has been said that it might be more appropriate that the total amount of borrowing, if not included in the bill, at least be added as an appendix.

The amount of information that accompanies a borrowing bill is really inappropriate in light of the amount of money that is actually borrowed. Some extra data should be included to indicate, for example, that the amount requested is in excess of the amount of money needed to roll over maturing bonds. The amount of money the government may have to borrow this year to roll over bonds could be in excess of $140 billion, and it may require new borrowing authority as well.

This concern has been expressed before. I wanted to bring it to the attention of the house in the hope that the government will see fit in future years to give that sort of information. Perhaps the size of the accumulated debt as well as the total borrowing amount for the year along with the net borrowing amount, which is what we see in these bills, could be included.

Hon. Lowell Murray: Honourable senators, I have some observations to make on this bill before it passes. This bill received a rather rough ride when it was in the other place and it does not deserve a much better reception here. Indeed, it did not get a very good reception yesterday from the Deputy Leader of the Opposition. It took some weeks to get this bill through the other place. One sometimes hears impatience expressed here and there over the length of debates and the time it takes to get various government measures through, but this bill is an excellent illustration of the good purpose that can be served by a debate which superficially may appear to be overly long.

Between the introduction of this bill on March 7 and its passage a couple of days ago, the government agreed to a reduction of some $5 billion in the borrowing authority sought in the bill. For this the taxpayers of Canada have Her Majesty's Loyal Opposition in the other place to thank. It is not necessarily a saving of $5 billion, but a reduction of $5 billion in the borrowing authority being sought. This bill in its original form was the biggest borrowing bill in Canadian history and even with the reduction of $5 billion it is still the biggest borrowing bill in Canadian history. What happened initially is that the government gave itself a cushion of at least $4 billion in that the borrowing authority sought was higher than the stated financial requirements of the government by at least that amount. They had left themselves a contingency fund of some $4 billion.

I wondered then, and I continue to do so, whether the contingency fund of $4 billion was put there because the Honourable Marc Lalonde knows that the deficit projection he made in his budget is too low and is almost certain to be exceeded, and that, therefore, he would need the money, or whether, in fact, the government was thinking in terms of some kind of a slush fund to finance a give-away program in the general election that will probably be held during the current fiscal year.

[Senator Doody.]

• (1410)

I admit that the Minister of State for Finance, Mr. MacLaren, when he introduced this bill in the other place, and the Deputy Leader of the Government when he introduced the bill here, provided explanations which were superficially plausible as to why this contingency fund—this cushion—had been sought. Indeed, Mr. MacLaren went further in giving what I am sure were quite sincere undertakings on his part to the effect that the money would only be used in ways which had already been authorized by Parliament. Of course, these undertakings would be regarded much more seriously—might even be accepted—if they came from any government but this one, which has such a lamentable record when it comes to honouring undertakings of this type.

Hon. Jacques Flynn (Leader of the Opposition): They have a very unreliable memory as well.

Senator Murray: As the Leader of the Opposition reminds us, it is a government which has a very poor and unreliable memory.

Indeed, the Auditor General has found that this is a government which has understated its liabilities and overstated its assets rather remarkably. He has found that it has understated the total debt of the country by $20 billion. I believe that is the amount. He has found that this government has described as loans and advances, payouts that are really expenditures, by the federal government that will never be recovered. With that record this government cannot expect to be taken seriously when it gives undertakings with respect to the legitimate uses to which it would put a $4 billion contingency fund, especially in an election year.

Having said that, the $24.5 billion, for which borrowing authority is being sought through this bill, will not be borrowed cheaply. I think it is instructive to recall that only a couple of weeks ago Mr. Lalonde announced a new issue of non-callable Government of Canada bonds in the total amount of $850 million. The details of that issue were contained in press releases dated March 19, March 20 and March 21 under the name of the the Minister of Finance.

Briefly, what will happen is that of the $850 million the Bank of Canada will take up $250 million, which is slightly less than the $328 million of Bank-of-Canada-held bonds which will mature April 1. What is most important to look at are the amounts, the interest rates and maturity dates with respect to the $850 million. There is $150 million bearing an interest rate of 12 per cent which will mature on November 15, 1987, some three years hence. There is $200 million bearing an interest rate of 12.5 per cent which will mature on March 15, 1989. There is $250 million at an interest rate of 13 per cent which will mature April 1, 1994—ten-year money. Finally, there is $250 million at an interest rate of 13.5 per cent which will mature June 1 in the year 2004—20-year money.

What this says is that the government is paying up to 8 per cent more than the rate of inflation for its money. It is paying

anywhere from 1.25 per cent to 3.25 per cent higher than the current bank rate for its money.

I think it is fairly well known that other bonds are based on Government of Canada issues. The rates for bonds put out by the provinces, for example, or by the triple A borrowers, are set on the basis of the interest rates on Government of Canada bonds. Historically, I am informed, these other borrowers would be paying about one-half of 1 per cent higher interest rates than the Government of Canada would be paying. It is interesting to note that the spread between what the Government of Canada pays and what these other borrowers pay has somewhat narrowed. In other words, those other borrowers, typically, are not paying one-half of 1 per cent more, but one-quarter of 1 per cent more. The federal government has lost about half of its historic advantage in recent times.

In some areas—again I am informed by people who know the market a lot better than I do—the government has totally lost its advantage in terms of three-month treasury bills. Some provinces are able to raise money as cheaply as the Government of Canada.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is unheard of.

Senator Murray: The Deputy Leader of the Opposition, who has had some experience in this field as a provincial premier, says that it is unheard of.

The question before us is: Why is the Government of Canada paying so dearly for its money? It is not, I suggest, because of crowding in the sense that there is a supply and demand problem. Indeed, in the answer tabled by the Leader of the Government yesterday to some questions Senator Roblin and I had placed, I believe it is stated that the system is quite liquid, so there is no crowding in that sense. There is no supply and demand problem.

The problem for the Government of Canada seems to be that it is coming to the market so often and for such large amounts. The joke in some circles is that waiting for a Government of Canada borrowing is like waiting for a Toronto subway train: if you should miss one, don't worry, there will be another along in a few minutes. With that type of psychology, it is very easy to understand why the government is forced to pay quite high rates for its money.

The government does not have much choice about the timing of its refinancing. Its previous budgetary policies oblige it to refinance. There is no particular discipline at work in the government.

Certainly, in terms of raising consumer dollars with such issues as Canada Savings Bonds, what appears to happen is that the government comes in and looks at what is being paid in the private sector and offers more. In all those ways the Government of Canada is acting as an interest-rate leader, not as a follower. It is coming in at the top of the market. This has not been the normal situation in this country, although it has become all too normal with this government.

Government borrowings are helping mightily to saddle the economy with a high interest rate structure. The reason why people are demanding such interest for their money is that inflation psychology in this country is still very strong. When people will not accept less than 12 per cent for their money on a three-year federal government bond at a time when the Minister of Finance is saying that inflation is going to remain in the 5 per cent range; when people will not accept less than 13 per cent on a 10-year federal government bond; and when people will not accept less than 13 ½ per cent on a 20-year federal government bond, it is clear that people expect that inflation and interest rates will continue to remain very high.

It is clear that people do not believe the government when it says it will restrain spending and bring about annual reductions in the deficit. People have excellent reason for not believing this government when it says those things. I will come back to that topic later.

I ask the Senate to consider the impact of these borrowings on future budgets. The government is building in historically-high, indeed unprecedented, debt-servicing costs into future budgets. As Senator Roblin pointed out yesterday, one dollar in every three that they raise in revenue is going to service the debt. One dollar in every five that the government spends is going to service the debt. I had planned to ask the question whether we were heading for a situation where 25 or 30 per cent of the budget would be spent in servicing the debt, and Senator Roblin has seen some fairly good arithmetic projecting forward on the basis of current trends that indicates that if the current trends are maintained we will be spending 40 per cent of the federal budget just to service the debt. That is the grim situation into which this country seems to be heading today. The kind of debt servicing costs that are being built into future budgets are simply horrendous.

• (1420)

As we just discovered in Question Period, it does not seem to be possible to find out the basis of interest rates on which the government is now estimating the debt servicing component of future budgets. Nobody but the Minister of Finance seems to know, and he will not tell. The estimates tabled for the current fiscal year by Mr. Gray make this simple reference to it:

> The most important element, however, producing changes in public debt charges within the medium-term is interest rates, which are vulnerable to changes in international monetary conditions and domestic inflation. As a result, the level of public debt charges for 1984-85 should be viewed simply as a projection based on certain interest rate assumptions rather than as planned expenditures.

We would like to know what those certain interest rate assumptions are. We think that Parliament and the country have a right to know what they are. Sooner or later, be it in a brown envelope, we are going to find out and place it on the record if the government does not come clean.

At a little past noon today the bank rate went up another three basis points, not as large an increase as those we have known in previous weeks, but still a continuation of a trend that has been going on for six or eight weeks. I would still like to know from the government—and perhaps the Deputy

Leader of the Government can elucidate when he rises to close the debate on third reading—what its position is in these matters. The government is fond of throwing up its hands on occasions like this and saying that we are tied to the American rate and that we are the helpless, if not hapless, victims of what is happening in the United States. I have to observe that within the last day or so to the American banks have raised their prime rate to 12 per cent. Our prime rate is at 11.5 per cent. Perhaps the Deputy Leader of the Government can tell us whether it is the government's view that the prime rate in Canada, which has been reaching for 12 per cent, is now going to go to 12 per cent or higher, or whether in the government's view, since this is a "temporary mutation," to quote the deputy leader from the debate a couple of weeks ago, we will be able to maintain this half point spread between the prime rate here and that of the United States.

I invite the attention of the Senate to the real bank rate, that is, the difference between the rate of inflation and the bank rate, because while honourable senators opposite sometimes take some pleasure in the fact that interest rates have not in the past couple of months reached the horrendously high levels of 19 to 21 per cent that existed some months ago, the real bank rate is still very high.

If honourable senators take the real bank rate—again, the rate of inflation minus the bank rate—they will find that in 1980, at the end of December, it was 6.08 per cent. All of these figures are taken from the end of December in the relevant year. In 1981, it was 2.56 per cent; in 1982, 0.75 per cent; in 1983, 5.46 per cent; in February 1984, 4.54 per cent; and most recently it was somewhere in the neighbourhood of 5.26 per cent. My most recent figure is not completely up to date because I have not calculated it on the basis of the increase in the bank rate today. It was not always so that the real bank rate and real interest rates were so high. There have been times, even during this government, in the early 1970s, when real interest rates were negative. Again, the real bank rate in 1973 was 2.05 per cent below the rate of inflation. In 1974, the real bank rate was minus 3.55 per cent; in 1975, it was minus 0.5 per cent.

The Governor of the Bank of Canada is fond of saying that real interest rates should not be calculated by subtracting the rate of inflation from interest rates. I have a quotation from a speech that he gave last December to the Investment Dealers Association. He said:

> But the "real" rates of interest that matter are the calculations made by potential investors and potential borrowers when they subtract their expectations about future inflation from the interest rates they expect to receive or pay in future years. To the extent that expectations of inflation of borrowers and lenders remain rather pessimistic, "real" rates of interest for them are not as high as the usual calculations would suggest. This is just another way of saying that pessimistic expectations of inflation by borrowers and lenders work to keep nominal interest rates up.

[Senator Murray.]

If we look at the figures that I placed on the record a few moments ago, as to what the Government of Canada is having to pay for its money—in effect, what people are demanding to be paid for lending their money to the Government of Canada—we can reach no other conclusion but that people expect the rate of inflation and real interest rates to remain very high indeed. So we have high real interest rates, whether we achieve them by subtracting the rate of inflation and the nominal interest rates, or by looking at what borrowers and investors think is going to happen in the market—which is Governor Bouey's definition. We have very high real interest rates, and those show every indication of remaining very high.

The problem, as I indicated to the government, is that the people do not believe the government and the government's projections in terms of inflation, interest rates, restraint, and the size of the deficit. This government has made multi-year forecasts about the size of the federal deficit, forecasts which are increased every time they are made, and they are almost always exceeded when the particular year is over. But notwithstanding that record, the Honourable Marc Lalonde is still projecting year over year reductions in the federal deficit. For example, he says that in 1984-85 the federal deficit will be $29.6 billion. This is based on a projected rate of real economic growth of 4.9 per cent, which almost no one outside the government believes will be achieved. Even within the government, if you look at the projections made by the Department of Regional and Industrial Economic Expansion, and if you look at the statistics from Statistics Canada in terms of expected business capital investment, which is an extremely important part of any recovery, you will find that they are all projecting a decline, whereas Mr. Lalonde persists, in the face of all of the evidence, in his projection that business capital investment will show a healthy increase.

• (1430)

The recovery, then, is faltering. Of course, this poses a further threat to the size of the deficit and to interest rates. As the recovery falters, revenues will be down, expenditures of the safety net category will be up, the deficit will be higher than forecast, the borrowing requirements will be higher than forecast, and interest rates will rise with the consequent result of the stifling of economic growth and investment. Even if luck should be with us, however, on economic growth and, therefore, on government revenues, it is the spending forecasts that have been put forward by Mr. Lalonde that I wish to take issue with today. I say that those spending forecasts by Mr. Lalonde are fanciful, if not fraudulent.

The Finance Minister projects that this year, and in each of the succeeding three fiscal years, the increase in federal government spending will be lower than the increase in nominal gross national product. He says that in 1984-85, nominal GNP will increase by 10.3 per cent while spending will increase by 9.2 per cent; that in 1985-86, nominal GNP will increase by 9.3 per cent while spending will increase by 6.6 per cent; that in 1986-87, nominal GNP will go up by 9.1 per cent while spending will go up by 5.8 per cent; and that in 1987-88, according to Mr. Lalonde, nominal GNP will go up by 8.5 per

cent while spending will go up by 6 per cent. Those are the fanciful forecasts produced by Mr. Lalonde in respect of years to come.

I suggest that it is obvious that his whole fiscal plan and his projections will come tumbling down if those forecasts are not realized. If honourable senators look at the fanciful forecasts for future years and compare them with the reality of the years just past, they will see how readily Mr. Lalonde's house of cards is going to come tumbling down. At no time has the increase in government spending been below the nominal GNP increase. In 1980-81, nominal GNP increased by 13.9 per cent while spending was up by 15.2 per cent. In 1981-82, nominal GNP increased by 14.3 per cent while spending went up by 15.9 per cent. In 1982-83, nominal GNP went up by 5.2 per cent while spending went up by 18.2 per cent. In 1983-84, nominal GNP went up by 9.2 per cent while spending increased by 9.8 per cent.

Since the Trudeau government took office in 1968, it has never held its annual expenditure increases below 8 per cent. We are now asked by Mr. Lalonde to believe that the government will keep its annual increases to somewhere in the range of 6 per cent in each of the next three or four fiscal years. The government, as the Deputy Leader of the Opposition pointed out yesterday, has virtually never met its own spending forecasts and has almost always exceeded them. This, then, is the mess that a new government is going to inherit. Nobody pretends that it will not take a great deal of time and a great deal of effort to clean it up.

Hon. D. G. Steuart: Let's hear your program!

Senator Murray: I am interested to hear interjections and questions coming from the former Minister of Finance for Saskatchewan—

Senator Steuart: We were tough.

Senator Murray: "Tough", he says. He was the provincial treasurer in the most troglodytic, reactionary government that Canada has ever seen. "Tough" is not the word for it.

Senator Steuart: We believed that—

Senator Murray: The honourable senator will have an opportunity to make his speech before debate is closed.

The most important asset that a new government will have at the beginning of its mandate, at any rate, is its credibility.

Senator Steuart: What is your program?

Hon. Jacques Flynn (Leader of the Opposition): What is Turner's program? What is your program?

Senator Murray: If a new government not only says that it will gradually reduce the deficit, year over year, but proceeds to do so; if a new government not only says that it will reduce the rate of increase in government spending—and I trust the honourable senator is not suggesting that that cannot be done. As a man who was tough when he was the provincial treasurer in Saskatchewan, I am sure the honourable senator will agree that it can be done. Perhaps the government should seek the honourable senator's advice.

Hon. L. Norbert Thériault: It was not done in New Brunswick when you were there.

Senator Murray: My honourable friend Senator Thériault has fought four elections on that issue, and he lost every one of them, down there in New Brunswick.

Senator Frith: Perhaps we should have a look at your record.

Senator Murray: If a government says it will take measures and does, indeed, take measures to cut out the flim-flam, such as overstating its assets, as this government was found to do by the Auditor General; calling such things that are expenditures and money that will never be returned loans and advances; and understating the net debt, as it has been caught doing by the Auditor General of Canada—Senator Steuart must know that the managers of a company in the private sector who did the things I have just described would be in jail. However, in the Government of Canada, they seem to be able to get away with it.

If the new government will do these things, its credibility will be enhanced and the marketplace will make a positive judgment when it comes to government borrowings. The marketplace will also make subsequent and consequent judgments when it comes to other wage and price decisions that are settled in the private sector, and the electorate will ultimately make a positive judgment, in the same way as the marketplace has made, within the past couple of weeks, a negative judgment on the credibility of the present government, just as the electorate awaits only the opportunity to render the same kind of verdict.

Hon. John M. Godfrey: I would like to ask my honourable friend, Senator Murray, a question. He said that the government has been wrong in its projection of interest rates and that they have always been wrong. Yet we heard from the deputy leader today that they do not publicize any projection of interest rates. How do you know that they have been wrong when they do not tell us what their projections are?

Senator Murray: I said that the government is wrong on the record. The government is understating its own expenditure forecasts. I did not say anything about its expected interest rates, but I do say that 20 to 25 cents out of every dollar which the government is spending goes toward servicing the national debt. I repeat the projection made by Senator Roblin that, if present trends continue, it will come to 40 per cent of the budget.

Senator Thériault: I would like to ask Senator Murray a question. Is it 20 per cent or 25 per cent that is being paid for the servicing of the debt? Five per cent of $150 billion makes quite a difference. Can Senator Murray tell us whether it is 20 per cent or 25 per cent?

Senator Murray: It depends on whether you accept the statements contained in the estimates tabled by the Honourable Herbert Gray some time ago, or whether you try to add on to that—

Senator Thériault: How do you know whether it is 20 or 25 per cent? Perhaps it is 35 per cent?

Senator Murray: I can find the exact figure if my honourable friend is interested in it, but I think he will find that it is closer to 25 per cent than to 20 per cent.

Senator Thériault: You say it is 25 per cent. For the record, you say it is 25 per cent. I will come back with the figures.

• (1440)

Senator Murray: It is closer to 25 per cent than it is to 20 per cent, based on the word of Mr. Gray, but I will also look at Mr. Lalonde's forecasts.

Senator Flynn: Do you know what it is?

Senator Thériault: Sure.

Senator Flynn: Then put that on the record.

Senator Thériault: You have been using figures of 30 per cent, 40 per cent and 50 per cent when it is actually less than 20 per cent.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Murray invited the deputy leader to respond to a number of his questions. Senator Murray knows that it is not customary for the sponsor of the bill to close the debate on third reading. Senator Murray is in the habit of complaining a great deal and using the Murray Selective Bureau of Statistics to support his claims.

Hon. Martial Asselin: That is what Paul Martin used to do.

Senator Olson: I would almost believe he might have been here then, and learned some of the techniques from those days.

Senator Asselin: I was here then and I did not learn anything from Paul Martin.

Senator Olson: Senator Murray is obviously too young to remember that, but perhaps Senator Asselin has been training him.

In this particular instance, Senator Murray has conveniently left out, when he knows better, because I am sure that with all of the documents he has looked at—

Senator Steuart: What's your policy? What do you stand for?

Hon. Duff Roblin (Deputy Leader of the Opposition): Oh, be a sport.

Senator Olson: All right. We will be charitable today.

When Senator Murray criticized the Minister of Finance for forecasting somewhat different from the way things turned out, he forgot to say that the growth in the economy by several of the indicators was in fact better than the Minister of Finance had forecast in the budget of April of 1983. I wonder why he did not say that, because Senator Murray is usually very careful when researching.

Senator Murray: Can you give us the expenditures on some of the safety net categories?

[Senator Murray.]

Senator Olson: Senator Murray rose in the chamber today and said things that are absolutely contrary to the truth, things that are 180 degrees from the truth. I am sure that he is clever enough to have recognized that.

I do not want to get into the details, because they have been explained to Senator Murray by the Minister of State (Finance), and he admitted that. Indeed, there were several other places where Senator Murray found explanations, but he left out certain things in his comments. For example, he did not tell us what his or his party's policy is with respect to interest rates.

When he says that interest rates in the United States are now moving slightly ahead of interest rates in Canada—I think he said 11.5 to 12 per cent—is he suggesting that he or his party would like to insulate or isolate the Canadian financial structure from that of the United States? If he is saying that, let us hear him say that unequivocally, because that is the implication he has tried to leave. I think that the financial community ought to know that that is what he and his party stand for. If he is going to make those kinds of arguments surely he should be honest enough to say that that is where he stands and not garble it up with the criticism he has given here.

Senator Frith: Honourable senators, recently I was given a statement that deals with the percentages of public debt charges for 1983-84 and 1984-85. While I am not entitled to speak again on this motion on third reading, since I have already spoken, it might be worthwhile if I read these figures and put the total on the record. We will then have the figures that Senator Thériault, in particular, was asking about.

Senator Roblin: I think it would be more suitable if my friend tabled that document because otherwise he does engage for a second time in the debate on third reading.

Senator Frith: The question of reading them was an offer; not a request nor even a suggestion.

So, honourable senators, I suggest that this document be appended to *Debates of the Senate* of today.

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

Hon. Senators: Agreed.

(*For text of document see appendix p. 433.*)

Hon. Orville H. Phillips: Honourable senators, perhaps this is not the best day to rise having regard for the rather testy mood in the Senate this afternoon. Even some of the intellectual pygmies in the back row are participating today.

Senator Frith: Only the Einstein of the Progressive Conservative Party can say that.

Senator Phillips: My disciple, when introducing Bill C-21, repeated time and time again that this was a bill asking merely for borrowing authority, and that there was no spending involved. The honourable senator, when sponsoring the bill, forgot to tell us what the government was going to do with it. He left the impression that the government was merely bor-

rowing this money from the taxpayers and salting it away in a blue chip stock, something like CDIC, where it would grow and pay dividends. Unfortunately, honourable senators, that is not the case.

Senator Frith: Neither is it the case that that is what I said.

Senator Phillips: The bill really starts the government off on another year of waste and extravagance.

This morning in the meeting of the National Finance Committee the Leader of the Opposition asked what was left of the billions of dollars of borrowing authority the government received last year. Honourable senators, despite the fact that they were all introduced as non-spending borrowing bills, there is only $50 million left that the government has not used of the billions of dollars it received last year. I think for that reason this bill should receive more attention than it has received throughout the whole of Parliament.

Senator Kelly raised a very interesting question this morning when he asked where the losses for Canadair were being registered. Honourable senators, that did not even occur to the Department of Finance; they had not decided where to enter those extravagant losses in the Public Accounts, yet those on the other side seem to think that the blue book is authoritative.

Honourable senators, the government just cannot find a burial place for Senator Austin's mistakes.

I was going to spend some time on the cost of servicing the public debt, but Senator Murray has covered that subject. It is becoming a matter of public concern. Even the Liberal leadership candidates know it is a matter of some concern. I have found out around here over the years that the last people to realize a matter is of public urgency are Liberal cabinet ministers, and since most of the cabinet is running, or have aspirations of running, it must be getting through to the cabinet that the servicing of the debt is becoming a major factor in our deficits.

The cost of servicing the debt, as Senator Murray has stated, has been increased by the recent increases in interest rates. In preparing the budget the minister cannot say that interest rates will be at a certain percentage for the year and make his calculations on that basis alone because the debt becomes due at various times in the year. At one point in the year the interest rate may be 12 per cent and at another point it may be 13 per cent. As Senator Murray has pointed out, determining how much money is needed to refinance the debt depends on the term of the bond issue.

● (1450)

This morning in committee I requested the interest rate used in calculating the cost of servicing the debt. I was referred to the minister's statement made in the House of Commons. I understand the Deputy Leader of the Government, my disciple, read this into the record earlier. I am sorry I wasted the time of the committee because there was really nothing in the minister's statement. For some strange reason the government is determined to keep the interest rate a secret. The interest rate is more carefully guarded than anything in the Department of National Defence. We are being asked to approve a budget, a deficit and a borrowing authority bill, and the government says, "Don't ask us what the interest rate is; that is a state secret." The only reason given by the Minister of State for Finance is that people might deduce what the government's thinking is, which might affect the marketplace.

Surely people can get some idea of what the government is thinking. It is not what the government thinks or says that gives me ulcers; it is what the government does that gives me ulcers. The thinking and the actions of the government are not synonymous. They say one thing and do the opposite. Perhaps the saddest thing about all the secrecy on interest rates is that if the Minister of Finance did tell us the interest rates I do not know of anyone who would believe him because we have had so many miscalculations and so many attempts to cover up mistakes that people no longer accept anything the minister has to say.

In the United States interest rates are projected nine years ahead, and in Great Britain, with a Parliament upon which ours is supposed to be modelled, interest rates are available to the public.

Hon. Philippe Deane Gigantès: With total inaccuracy in both countries, as the record shows.

Senator Phillips: I suppose I could say the same thing about inaccuracy of the records around here, except that it is much more extensive than in the United States and Great Britain.

Senator Gigantès: Then why do you want us to imitate these countries in their inaccuracies?

Senator Phillips: If the honourable senator will just be patient, I will tell him. I do not know whether he has any other way to waste his time; I am sure that he does not, so he might as well sit and listen.

Senator Murray referred to the interest rates on Canada Savings Bonds. Surely it must be some indication of the government's thinking when it is paying in excess of 13 per cent on a bond issue. If it is paying 12.25 per cent to borrow money for one year, that must be a slight indication of the government's thinking. The finance critic for the opposition party in the other place made calculations to the effect that the government and the Minister of Finance in preparing the budget used an interest rate of 7.5 per cent. At the present interest rate level, that has the effect of hiding several billion dollars of deficit, and borrowing on non-budgetary accounts would have to increase by at least $3 billion. Perhaps it is unfair to suggest that this was deliberately done because it is an election year and the government wishes to reduce the deficit, but I think that that is exactly what has happened, and time will prove that statement to be right. Senator Murray said that the practice is fraudulent; I agree. If the Minister of Justice were to give up his hopeless cause—not even St. Jude can help that one—he would probably be prosecuting the Minister of Finance for election fraud because you cannot bury or lose $8 billion in that way.

It was interesting to note that not one Liberal member of the House of Commons considered the issue raised by the opposition critic; not one of them asked, "Are your calcula-

tions based on an honest interest rate?" They were silent because they did not want the public to find out that the deficit will be $6 or $7 billion higher than the forecast. Their attitude was leave it to John—not John Turner but John Crosbie—this fall.

Senator Thériault: The other John.

Senator Phillips: Yes, the other John. In the past I have known a good many Liberal senators whom I came to respect greatly. I am thinking of Senator Alexander McLean from New Brunswick, who followed the finances of the country through this chamber, Senator D'arcy Leonard, who was Chairman of the Senate Finance Committee for years when I was a member of it, and Senator John Connolly. I do not think any of those former colleagues would have been ready to agree to a practice such as was exercised in preparing this budget. I had hoped that some of their respectability would brush off on the Liberal senators opposite.

In any event, I am satisfied that I will not get the interest rate from the government. I can calculate fairly closely what it is, but I am concerned about one of the Liberal leadership candidates, the one whom Senator Frith is supporting. He is advocating new policies, all admirable policies, such as a reduction in the deficit, but I do not understand how Mr. Turner can develop those new policies based on the inaccurate projection used in the budget. I would ask the Deputy Leader of the Government, if he will not tell the Senate the interest rate used in calculating the budget, to be kind enough to at least tell the leadership aspirant that he is supporting.

Senator Frith: Honourable senators, I have a question for Senator Phillips. Just so I will not have a worrisome and perhaps—

Senator Roblin: —sleepless night?

Senator Frith: Yes, a sleepless and embarrassing weekend if I spend it among my colleagues in the Liberal Party. Will he tell me in what respect I am alleged to be his disciple?

Senator Phillips: I am sorry that the honourable senator has such a short memory. It was only a week ago that he acknowledged me as swami, and that makes him my disciple.

Motion agreed to and bill read third time and passed, on division.

● (1500)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

April 5, 1984

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 5th day of April, 1984, at 5.15 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Jacques Noiseux
Deputy Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

FOREIGN AFFAIRS

APPEARANCE OF MR. ZEHDI TERZI, PERMANENT OBSERVER OF THE PALESTINE LIBERATION ORGANIZATION TO THE UNITED NATIONS BEFORE STANDING SENATE COMMITTEE

Hon. Henry D. Hicks: Honourable senators, I wish to point out that the Standing Senate Committee on Foreign Affairs met this morning to hear a representative of the Palestine Liberation Organization, Mr. Zehdi Terzi, who is their permanent observer at the United Nations in New York. Before taking the evidence of witness Terzi, the Chairman of the committee made a statement which I think speaks for itself and which will be of interest to honourable senators and ought to be written into our record.

The reason Senator van Roggen is not making this report himself is that he was urgently required to return to Vancouver and could not attend today's sitting. Therefore, I shall read the statement he made:

> THE CHAIRMAN: We will continue with our study of Canada's relations with the countries of the Middle East and North Africa. However, before we start, if honourable senators will permit me, I would like to make a short statement in view of the exceptional interest which has been shown by the public and the media as a result of our meeting today.
>
> I do not quarrel with the editorial judgment of any of our newspapers; but in an editorial which I read this morning it was stated that Mr. Terzi is the final witness to appear before our committee and that no high Israeli government official has been heard. It was further stated that the committee had left itself, seemingly, predisposed in favour of the PLO as against Israel.
>
> First, I wish to put on the record the fact that the advice to me, insofar as inviting an ambassador to appear before this committee is concerned, was that you sound the person out before issuing an invitation. In that fashion the person receives the invitation only if he so wishes. I suppose it is not unlike a government issuing an invitation to The Queen. That was the procedure followed by the

staff of this committee with respect to the Israeli ambassador. It seems there was some confusion as to whether he was to be free to appear *in camera*. However, I simply wish to state for the record that we, as a committee,—and I am sure I speak for every member of the committee,—would be only too delighted if the new Israeli ambassador wished to meet with the committee either publicly or *in camera*. Of course, that is his choice; we would not presume to summon him as a witness as an ambassador of a sovereign foreign state. Other ambassadors have come at their own request.

At this point, Senator Bosa intervened to ask if the Chairman would invite the Israeli ambassador to appear before the committee and the Chairman replied:

I will certainly see that it is conveyed to him in writing, subject, of course, to the diplomatic niceties.

There has been a great deal of talk about this meeting being the last meeting—it is the last scheduled meeting. I wish to reiterate what I have already said, that is, that during the course of preparing our report we may wish to hear other witnesses in order to clarify individual points for whatever reason; there is nothing precluding that.

Dealing with the statement that we have not heard from senior Israeli officials other than the ambassador, I would draw the media's attention to the fact that the subcommittee of this committee which traveled to the Middle East consisted of seven out of the twelve members of this committee. Unfortunately, one of the seven, myself, was taken ill at the last minute and could not go. However, half of the whole committee did go—I might say it was the most active half, with one or two exceptions. When in the Middle East, the subcommittee saw senior people in all the countries they visited, but, in particular, in Israel where they were for some seven days altogether. Some of that time was spent in the Golan and the West Bank. There was a meeting with Israeli officials, a lengthy meeting with Prime Minister of Israel, a lengthy meeting with nine members of the Knesset, including the Speaker; a meeting of one-and-a-half hour's length took place with the chairman of the Foreign Affairs Committee; a separate meeting was held with Labour members of the Foreign Affairs Committee; a meeting was held with the foreign policy advisor of the Mayor of Jerusalem and an official of the ministry of foreign affairs, which lasted some one-and-a-half hours. There was a defence briefing, which lasted one hour, with two officials from the Ministry of Defence. A military intelligence briefing, which lasted one-and-a-half hours, took place. Numerous Jewish settlers from the settlements on the West Bank met with the committee. A dinner with ten senior Israeli businessmen was held, as well as meetings with former Labour Prime Minister Rabin. These were just some of the meetings held while the subcommittee was in Israel, many of which, as you can see, were at the highest possible level.

The meetings held with members of the PLO while in that region consisted of two, a meeting in Damascus with the Speaker of the Palestinian National Council, Mr. Fahoum, and a meeting in Amman with the PLO representative in Jordan, Mr. Yehya.

It has been the objective of this committee from the beginning, and one which I think we have discharged, to be balanced in the testimony we have sought with respect to the particular study before us. I believe we have accomplished that end.

The report of the subcommittee, when it returned from the Middle East, which is now in the public domain, was tabled a few weeks ago before the committee. It is a report of some 46 pages. I am told it was described by a member of the staff of the Canada-Israel Committee as being both solid and balanced. I would invite anyone to read and study that interim report of the traveling committee.

The second item I would like to touch on very quickly is the suggestion that having the witness before us whom we have today has somehow altered the formal position of the Government of Canada relative to the PLO. Of course, anyone who knows our constitutional system understands that is simply not the case. Mr. MacEachen and the Prime Minister have both enunciated the position that in Canada we do not recognize the PLO formally at a ministerial or governmental level. I believe I can say that position is similar to the one taken by the Official Opposition. However, Mr. MacEachen said before this committee that contacts are maintained at lower levels in his department in various places and at various times on different subjects with the PLO. Recently, we have heard that the same situation applies in the Reagan administration. Certainly, we know that Mr. Stanfield, a former Leader of the Opposition, who was a special emissary, or envoy, on behalf of the then Prime Minister of Canada, Mr. Clark, on his visit to the Middle East met with the PLO. So it is obvious that a witness appearing before this committee does not change the formal legal position of the Government of Canada in any way. I wish to make that quite clear.

One last item which I might mention is that it is quite wrong to suggest that the government in some way controls the activities of this, or any, Senate committee, or dictates which witnesses this committee should see or may see. We are masters in our own house and conduct our own affairs. I hope that will always be the case.

That was the statement made by Senator van Roggen, the Chairman of the committee, at the opening of the session this morning. The committee proceeded to hear Mr. Terzi, who proved to be a very vocal exponent of the views of the Palestine Liberation Organization. He was cross-examined at length—sometimes critically—by every single member of the committee.

In summary, I think it was a good thing that the committee heard evidence from the Palestine Liberation Organization, which, whether we like it or not, is the legitimate spokesman, or the recognized spokesman, for the Palestinian people.

Hon. Senators: Hear, hear

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, in view of the fact that Senator Hicks has made a fairly definitive statement on this subject by quoting the opening comments made by the chairman of our committee this morning, perhaps I could be allowed to say that I think the chairman in his remarks accurately described the position taken by members of the committee in this respect.

• (1510)

Honourable senators, speaking for myself and I am sure for some others, I want to make the point that we should confirm the suggestion of the chairman of the committee that the ambassador for Israel should receive a special invitation to appear before this committee should he deem it desirable to do so.

I agree that we have had the most extensive discussions, as has been said, at high levels in the State of Israel itself, which I myself found to be illuminating and helpful, but, if the ambassador of that country deems it in his interest to appear before us, I would be glad to welcome him.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. Ernest G. Cottreau for Senator McElman, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving supplementary budgets of the following committees:

National Defence; Foreign Affairs; and Regulations and other Statutory Instruments.

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

INTER-PARLIAMENTARY UNION

SEVENTIETH ANNUAL CONFERENCE, SEOUL, KOREA—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on Thursday next, April 12, 1984, I will call the attention of the Senate to the Seventieth Annual Conference of the Inter-Parliamentary Union held at Seoul, Korea, from October 4 to 12, 1983, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada; as well as the delegation's visit to China and their meetings with the officials of that country.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

[Senator Hicks.]

That when the Senate adjourns today, it do stand adjourned until Tuesday next, April 10, 1984, at eight o'clock in the evening.

Motion agreed to.

[*English*]

THE SENATE

MR. GEORGE R. BAKER, EDITOR OF DEBATES—FELICITATIONS ON COMPLETION OF 25 YEARS OF SERVICE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think this is as appropriate a time as any to inform you that one of our senior staff members, Mr. George R. Baker, Editor of Debates and Chief of the Reporting Branch, completed 25 years of employment in the Senate last Saturday, March 31.

As further evidence of his steadfast and loyal character—

Hon. Nathan Nurgitz: He should stay another 25 years.

Senator Frith: I hope so—that day was also Mr. and Mrs. Baker's thirty-ninth wedding anniversary.

I am sure honourable senators would wish me to thank Mr. Baker for his service to the Senate, convey the view that we look forward to more of the same, and congratulate him on his wedding anniversary.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to join my honourable friend in his offer of congratulations. I would add a special word of appreciation for the stamina of Mr. Baker if he has listened to our debates for 25 years. That takes some doing. I hope we may be a little easier on him for the remainder of his tour of duty in this chamber.

QUESTION PERIOD

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am pleased to hear Question Period being called because, in looking over my scroll, I see that it was omitted.

On a point of order, I would like to say that it seems to me that in future, when we have third reading of a bill such as we had today, instead of the bill being read before Question Period is called, it should be given a preferred place after Question Period.

Hon. Royce Frith (Deputy Leader of the Government): Especially when we anticipate some debate.

Senator Roblin: The reason for my view is obvious. Two of the ministers who sit in this chamber to answer questions are not present. They are refugees from the debate. I am a little—I would not say unhappy—disappointed that Senator Austin is

not here to answer a few questions about his favourite topic, Canadair.

Senator Frith: I think we can ask him to return to the chamber.

Senator Roblin: That would be splendid. If Senator Argue were around, I would have one or two questions for him too.

Senator Frith: Are there any other questions in the meantime?

Senator Roblin: I have some, but I will spare you.

If there is a difficulty, rather than hold up the Senate, I am prepared to pose my questions on Tuesday next rather than delay our proceedings this afternoon.

I hope that, in future, we will order our business a little differently so that ministers will more likely be available.

Senator Frith: Honourable senators, the point raised by Senator Roblin is quite reasonable. We proceeded as we did because sometimes, if we are to have Royal Assent to a bill—particularly a money bill—if it, indeed, receives third reading, we like to know as early as possible what our program will be after the third reading. At third reading the debate is often short.

I expected Senator Murray to intervene on third reading and I should have, therefore, put it down further so that the ministers would have been here for Question Period.

The point is well taken, and I will take it into account in the future.

[*Translation*]

PROHIBITED DEGREES OF MARRIAGE BILL

SECOND READING

On the order:

> Resuming the debate on the motion of the Honourable Senator Stanbury, seconded by the Honourable Senator Petten, for the second reading of the Bill S-13, intituled: "An Act to consolidate and amend the laws prohibiting marriage between related persons".—(*Honourable Senator asselin, P.C.*)

Hon. Martial Asselin: Honourable senators, I think this is going to be the shortest speech of my career. I just heard a sigh of relief from my colleague, Senator Lapointe, who thinks, and she is probably not alone in doing so, that I speak too often.

Hon. Royce Frith (Deputy Leader of the Government): Brevity is the soul of wit.

Senator Asselin: Exactly. I think Senator Lapointe is probably right as far as marriage exemptions are concerned. I have made about half a dozen speeches on the subject, in addition to our work in committee.

I read very carefully the comments made by the bill's sponsor, our honourable friend Senator Stanbury, who consulted me beforehand.

In committee, we agreed it was necessary to clarify the situation by introducing a bill to have these exemption cases included in the general law.

I am satisfied with the information provided by Senator Stanbury and he is to be congratulated. As for the principle, I have no objection, but I must nevertheless consider the comments of my colleague, Senator Donahoe, regarding the passage in principle of this bill.

I think it is time, as Senator Donahoe pointed out, to seek out and obtain the views of the Canadian churches on a problem that is both religious and social, and sometimes economic as well. I think the committee did well to invite representatives of the Canadian churches to appear before the committee. They were invited to give their views on a problem which, I feel, is a serious one for the churches in question.

In any event, I have no objection to having the bill referred to committee as soon as possible, so that we can receive these briefs and hear the witnesses, and subsequently have the bill passed as soon as possible in the Senate, so that the Minister of Justice can study the bill and have the legislation passed as soon as possible in the House of Commons.

● (1520)

[*English*]

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of Senator Stanbury, I move that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

SHIPPING CONFERENCES EXEMPTION ACT, 1979

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill S-12, to amend the Shipping Conferences Exemption Act, 1979.

He said: Honourable senators, Bill S-12 is about some rather esoteric subjects, at least esoteric to some of us. The principal players in the drama are shipping conferences, groups of shippers and the laws respecting restraint of trade and monopolies. The shipping lines or conferences, as you probably know, are the lines of freight shippers around the world who have various routes that they service. One can compare those lines to the kind of maps you see in airline folders showing the places where the airline travels. The shipping lines, as you can imagine, are probably more com-

plicated than the airline routes. The shipping conferences made up of these shipping lines have, for approximately 100 years, developed particular lines of service, namely, areas in which they virtually control the traffic. In the course of doing so, they deal with their customers who are the shippers. Any of us with even rudimentary knowledge and information about the laws regarding restraint of trade, combines and anti-competition actions would understand or realize that if such arrangements are made to the point of reducing or, to use the classic words in competition law, unduly limiting competition, they would infringe on such laws. That is the general background for Bill S-12.

The bill states "An Act to amend the Shipping Conferences Exemption Act, 1979." That act has its own background. In the Canadian trades, there are both conference and non-conference independent operators. I have given honourable senators the basic outline of what a conference is, but it is somewhat more complicated than that. I will only touch on these complications because for the purpose of understanding the bill it is not necessary to understand such additional arcane expressions as "closed" or "open" conferences or the differences between them.

One particular characteristic of conference activities is loyalty or patronage contracts. You will see them referred to in the bill, and that is why I should take a moment to explain that under those contracts, shippers are required to commit all or a portion of their goods for a specific period of time to conference members. In return for such a commitment, shippers receive up to a 15 per cent reduction in the rates filed with the Canadian Transport Commission with whom all conference rates must be filed.

Honourable senators, I mentioned that liner traffic is important to Canada. Commodities in the liner trades, in general, consist of higher valued finished and semi-finished products, and in 1978 amounted to approximately $20 billion compared to a total deep-sea trade of $29.8 billion. Therefore, on the basis of value, the Canadian liner trades account for 67 per cent of Canada's total deep-sea trade.

On the subject of competition, I have already mentioned that such arrangements are anti-competitive and therefore infringe on restraint of trade legislation. Some competition exists on most trade routes serving Canadian needs as the option of shipping through U.S. ports is a feasible one for most Canadian shippers. In addition, competition for Canadian cargoes exists between conference members.

As I mentioned, shipping conferences have been in existence for more than 100 years. As of December 31, 1982, there were 48 inbound and outbound conferences active in the Canadian trades. There have been several government investigations into conference practices starting as early as 1912. In 1965, after a comprehensive study on conference practices, the Canadian Restrictive Trade Practices Commission concluded that conferences operated as cartels, as we have already suspected, contrary to the provisions of the Combines Investigation Act, but that the public interest would not be served by excessive rate competition and instability in the liner trades. As a result,

[Senator Frith.]

Parliament enacted the Shipping Conferences Exemption Act, which came into force on April 1, 1971. That act expired on March 31, 1979, and was replaced by the Shipping Conferences Exemption Act, 1979, which is the act referred to in the title of Bill S-12. The 1979 act would have expired on March 31, 1984, but it has been extended for one year by proclamation and will now expire on March 31, 1985.

To put it into context, we now have the Shipping Conferences Exemption Act, 1979. I think we all understand what the word "exemption" means, namely, exempting it from certain provisions of the Combines Investigation Act. That act is now continued for another year while we look at this bill which is going to accomplish the objectives I will now mention.

In approving the Shipping Conferences Exemption Act, 1979, cabinet at that time directed that the Department of Transport, along with other interested departments, report on the advantages and disadvantages of continuing to exempt conferences from the provisions of the Combines Investigation Act. I remind you that the original exemption was based upon the decision that there was an advantage to the public interest in not allowing extensive and complete competition to exist in this area. In meeting that requirement, the Canadian Transport Commission held public hearings in five centres across Canada in June of 1982. The findings of the commission are contained in a report to the Minister of Transport, and there is also this discussion paper that honourable senators can have if they find it of interest. Five studies by independent consultants were also commissioned, including one which specifically surveyed shippers—one of the other parties to the drama—the other important party to the drama being the liners on one side and the shippers on the other. These reports were distributed to interested industry groups who provided comments.

Three basic alternatives presented themselves with respect to the existing act. First, allow the act to expire, and that would mean that the conferences, of course, would then be subject to the full force of the Combines Investigation Act.

● (1530)

A second possibility was to extend the act without modification, to extend it as it stood in its 1979 form.

A third possibility was to amend the act to include a number of amendments identified by the studies and submissions I have just mentioned.

The decision was to take the third alternative, namely, to amend the act to include a number of amendments as identified by the various studies.

The present act spells out those conference practices, such as the charging of a common tariff, that are exempted from the Combines Investigation Act. At the same time it lists those practices, such as rebating, where a patronage contract applies—we explained that a moment ago—that are not exempted; in other words, that are subject to the force of the combines law.

The following are some of the changes that are incorporated in the bill before us: The act requires conferences—that is, the liner groups—to file with the Canadian Transport Commission

all relevant documents, such as agreements and tariffs, and specifies the penalties if the provisions of the act are not adhered to. The basic approach has been to permit conferences to operate freely in Canadian trades, but subject to certain requirements designed to protect the public interest.

In setting out clearly those conference practices that are acceptable and those that are not, conferences are given guidelines which allow them to operate in the assurance that they will not lose their exempt status from the provisions of the Combines Investigation Act so long as they operate on the basis of the rules. So, in effect, we have a sort of regulated activity that permits exemption from the provisions of the Combines Investigation Act, provided that the activity falls within those regulatory boundaries. At the same time, however, it has become clear that a number of changes would be desirable to ensure that the national interest is fully served.

So the amendments contained in Bill S-12 have three broad objectives: First, to encourage meaningful consultations between conferences and shippers. That is very important, because, of course, the shippers are particularly affected by these exemptions, and, as a result, the public. The second objective is to encourage commercial resolution of problems between conferences and shippers to the greatest extent possible. The third objective is to clarify certain areas of the act affecting competition and the protection of the public interest.

I will touch briefly on those three objectives. About the first one, to encourage meaningful consultations, the designated group will be required to submit annual reports to the Canadian Transport Commission on their operations and activities under the act, and their concerns and views on their conference operations. Conferences will be required to give 90 days' notice of proposed freight rate increases to the Canadian Transport Commission and the designated shippers' group.

Consultations must be held on matters of common interest where requested in writing by either party, and both parties must provide information relevant to those matters. So where there are matters of common interest, the two groups—the conferences and the designated shippers' group—must get together to confer and provide the information to the CTC.

The second objective, of encouraging commercial resolutions to problems, rather than government intervention, is an extension of the first. Where problems arise, either the conferences or the designated shippers' group may request the CTC to take on a role as observer during consultations. Where these procedures fail, either party can submit unresolved matters between them to conciliation.

The third objective has to do with clarifying certain provisions of the existing act with respect to competition and the protection of the public interest. The present exemption for contracts, agreements or arrangements between members of a conference and independents will be removed, making them subject to the Combines Investigation Act. The CTC will be authorized to suspend or lift the exemption. So although the exemption exists, there is this flexibility that does not make it an absolute copper fastened exemption, because the CTC will be authorized to lift the exemption provided in the act where appropriate after holding a public hearing in accordance with section 23 of the National Transportation Act. Incidentally, those hearings can be initiated by interested persons. Failing to negotiate in good faith will be considered to be against the public interest when applying section 23.

The concept has been introduced whereby that exemption will not apply if predatory behaviour is engaged in by any member of the conference. The word "predatory" has the same meaning as one would expect, namely, when members of a combine, in effect, deliberately gang up to destroy one source of competition or someone else in the industry.

The right of independent action for individual members of conferences is established under certain conditions. There are minor clarifications with respect to commencement of the exemption period and the meaning of patronage contracts.

The present fines and deposits in the punishments and security provisions are unrealistically low, and therefore appropriate changes have been made in the bill. The time limitation for the commencement of prosecution for an offence has been extended from one year to three years. That increases again the vulnerability of the conferences to prosecution for undesirable behaviour.

While a number of countries, including Canada, carry out periodic reviews of the activities of shipping conferences, most countries continue to support the liner conference concept.

Honourable senators, I believe that the bill amends the Shipping Conferences Exemption Act, 1979, in such a way as to provide an appropriate balance between the needs of shippers and those of conference members. Honourable senators will recall that that was the third alternative, not merely to extend the act but to amend it. The bill will provide adequate safeguards to protect the public interest and the necessary framework to permit the conference members to provide a measure of rate and service stability in this volatile world of ocean shipping. For those reasons I ask honourable senators to support the bill on second reading.

Hon. Martial Asselin: Honourable senators, in order to avoid upsetting Senator Lapointe by my speaking a second time, I will resist the temptation to reply to Senator Frith's speech today and will therefore move adjournment of the debate.

On motion of Senator Asselin, debate adjourned.

CANADIAN YOUTH

MOTION TO APPOINT SPECIAL SENATE COMMITTEE—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hébert, seconded by the Honourable Senator Le Moyne:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on

the problems and issues facing Canadian youth between 15 and 24 years of age;

That the Committee be composed of 12 Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than March 1, 1985, and

On the motion in amendment thereto of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:

That the motion be amended in the first paragraph by

1) deleting the words "a Special Committee of the Senate be appointed" and substituting therefor the following words: "the Standing Senate Committee on Social Affairs, Science and Technology be authorized", and

2) deleting all remaining paragraphs.—(*Honourable Senator Macdonald*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, although, like everyone else in this house, when I speak I do so for myself, I should inform the Senate that I have the permission of Senator Macdonald to say that he much regrets the indication given by the leader of the house that this amendment will not be supported but that the leader recommends that a special committee be appointed for this purpose.

I wish to make it quite clear that I listened with much sympathy and interest to the presentation made by Senator Hébert on this topic, and I do not believe there is any disagreement between honourable senators with regard to the importance of the subject to which he makes reference, or the desirability of having the Senate take an interest in it—because undoubtedly the question of the serious problems faced by young men and women between the ages of 15 and 24 is a most important public question that we could be debating, studying or reflecting upon. So I am pleased that Senator Hébert has brought this matter to our attention and has made a positive recommendation.

• (1540)

I am not quarreling with the substance of the motion. I merely draw attention to the difficulties that will be involved in the procedure that will be followed in dealing with this important public issue. The original proposal, as everybody knows, was that there should be a special Senate committee formed. The amendment proposes that the matter should be referred to the committee that we already have, whose mandate includes youth affairs. I am really disappointed in the sense that there is not more support for that amendment in the chamber.

When speaking on the subject, the Deputy Leader of the Government gave a number of reasons as to why he did not like the amendment and as to why he decided that the special committee would be the way to go. The main reason that stuck in my memory is that if the matter went before the present committee it would involve setting up a subcommittee of that body which, in turn, would require the attention of more senators than would otherwise be the case. Honourable senators, I do not really follow the logic of that. Perhaps a subcommittee would be set up. Such a committee was set up in connection with the Goldenberg-Lamontagne study on the future of the Senate. I never understood why there was a subcommittee set up at that time. It did not seem to me that it was absolutely necessary to do so, although I had no objection to it.

Hon. Richard A. Donahoe: Nor did they pay much attention to it.

Senator Roblin: Nobody paid much attention to that report, perfectly true, and I hope that the study on youth gets a little more active consideration than did that topic. I am sure that it will.

As far as that goes, honourable senators, I do not see why what happened in a previous committee on another subject has any real bearing on this one, because I would have thought that there is absolutely no reason why the present committee on youth should not be seized of this matter as a full committee. Certainly that would be justified and the subject could be dealt with as a priority item, among the other items of business before that committee. I think we must recognize that, to deal with the matter properly, the present committee which is responsible for youth affairs would have to accept this reference as a priority item. I am sure there would be no problem in its doing so. In the event, however, that honourable senators did want to have a subcommittee, it could certainly be struck from the present members of the committee.

Why am I concerned about this? I am concerned because we want to do our share—and when I say "we" I am talking about the members of the opposition. We are interested in this topic. We want to do our share and we want the procedure to be such that we have the maximum opportunity to make whatever contribution we can to this pressing public issue. That leads me to refer to the paucity of numbers—"paucity," which means few—in the opposition here and to the difficulty we have in manning these committees.

Hon. Royce Frith (Deputy Leader of the Government): In number, not in quality.

Senator Roblin: I will not speak to quality, but any recommendation made in that respect will be appreciated.

Honourable senators, I want to talk about the 11 committees we have now. There are now 11 active committees—three or four more are not very active but require some attention—

and we are being asked to add another to make a total of 12. There is another motion before the chamber which calls for the setting up of yet another committee having to do with the native peoples of Canada. In terms of merit, there is no argument that that is a subject that also requires our attention. But we could go on in this way indefinitely, finding items of merit that would justify, if viewed in isolation, the establishment of a special committee of the Senate but which, if pursued in the way that we seem to be going now, would give us so many committees that we on this side of the house would have one heck of a time doing justice to the subjects before us. We would be able to make a better contribution, I am convinced, if we referred these matters to the standing committees we have now, which we are able to man to some extent, at any rate.

There is another problem, too. If we add to the number of committees, when are they going to meet? At 4 o'clock yesterday afternoon three committees met, requiring the attendance of 12 members of the opposition. That is practically the whole of our active body at this particular time. If two more committees are formed, when will they meet? Will they be added on to the meetings conducted Wednesday afternoons or Thursday mornings? The number of committees, the proliferation of subjects and the state of the numerical roll of the opposition are on a collision course and we want some consideration of this problem of ours.

I appeal to the Deputy Leader of the Government to take this matter under advisement once again. I will not be upset if he decides to change his mind. In fact, consistency is the virtue of small minds. My friend has no small mind, so he need not be consistent. I will allow him the privilege of inconsistency. I enjoy it myself sometimes, so I do not begrudge it to him. I would ask him, however, to please consider this matter. We want to do our part. Our numbers are few. If the number of committees is increased and we are spread even thinner, not only will it clog up our regular agenda but it will prevent us from doing the job we were sent here to do and that which we want to do.

Honourable senators, these are important topics. In my opinion they can be dealt with through the committee system that we now have. We would then be able to do our part better than might otherwise be the case. This is a difficult question. There is merit in the proposal, beyond doubt, but, in terms of practicalities and getting on with the job, I hope that this amendment can receive further consideration.

Senator Frith: Honourable senators, although I cannot speak again on the amendment, I will say something on the motion. I had understood that the matter would be put this afternoon, after having spoken to Senator Flynn, Senator Macdonald and Senator Marshall about it. I am not at all unsympathetic to the views expressed by Senator Roblin, and I have already proved that I am capable of inconsistency because my first reaction to Senator Marshall's amendment was to support it. Taking all of these things into account, however, I simply have to make the judgment that I think is best.

Senator Roblin: Should this not wait until we have disposed of the amendment?

Senator Frith: Yes, it should. I merely wanted to express my sympathy for your point of view.

Senator Roblin: You will have another opportunity to express it in full.

Senator Frith: I spoke to Senator Flynn. I understood that we would put the amendment today and have it on division, of course.

Hon. Martial Asselin: I would prefer to adjourn the debate on the amendment at this time. By next week, Senator Frith, some arrangement could be made between the two groups. We will try to work it out.

Senator Frith: I should say, honourable senators, on the motion to adjourn the debate—

Senator Roblin: Do not speak on that; speak on a point of order. You cannot debate the motion.

Senator Frith: No, I would not. On the question of adjournment—and I would not think of refusing the adjournment if Senator Asselin or anyone else wishes to speak to the amendment—I can only say that this is not an on-the-spot decision. I have discussed the matter with Senator Olson, Senator Marshall, Senator Flynn, Senator Macdonald and Senator Petten. I just want to assure honourable senators that discussion has been going on and that I have thought about the delicate balance. It balances one way in my opinion and the other way in Senator Roblin's opinion. That is why I wanted to have the matter disposed of this week so that the committee could begin.

The main committee, as honourable senators know, has a lot on its plate. It has before it Bill C-3, and all of these veterans estimates that have been referred to it. If honourable senators are going to undertake this study—and we all seem to agree that we want to—I would like to see the clock start to tick to enable the committee to do all of the preparatory things before the study can be commenced.

Senator Asselin: I do not want to deprive anybody of speaking to the motion, but I would like to have a few more days in order to think about it. Yesterday I met with the Minister of Youth of the other place. We had a discussion about the motion of Senator Hébert on the forming of a special committee. Perhaps at the beginning of next week I will have some views to express to the Senate. If I could have the chance to express them in due course, I would appreciate it very much.

Senator Frith: That is understood, honourable senators. I hope that we can vote on the motion next week and dispose of it one way or the other.

On motion of Senator Asselin, debate adjourned.

THE BUDGET SPEECH

PROPOSALS BY MINISTER OF FINANCE—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on 15th February, 1984.—(*Honourable Senator Cottreau*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would ask that order No. 4 be adjourned in the name of Senator Anderson. I believe that Senator Cottreau does not wish to speak to it, while Senator Anderson does and plans to do so next week. I should also mention that that will be the eighth day of debate on the matter and will discharge that order.

Order stands.

• (1550)

OFFICIAL LANGUAGES

MOTION TO ESTABLISH STANDING JOINT COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of April 3, 1984, moved:

> That Rule 67(1) of the Rules of the Senate be amended by relettering paragraphs (e) to (n) inclusive as paragraphs (f) to (o) inclusive and inserting immediately after paragraph (d), the following as new paragraph (e):
>
> "(e) The Joint Committee on Official Languages policy and programs, to which shall be appointed nine senators.";
>
> That a Message be sent to the House of Commons to acquaint that House that the Senate agrees to unite with that House in the establishment of a Joint Committee of both Houses on Official Languages policy and programs; and
>
> That the Senate will appoint nine of its members, to be designated at a later date, to serve on the said Joint Committee.

He said: Honourable senators, this motion is for the purpose of expressing our concurrence in the formation of a standing committee. As honourable senators will recall, we have had a Special Committee on Official Languages now for some years. The other place has requested the establishment of a standing joint committee and has asked us to concur in that motion.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not entirely sure that I recall the explanation that my honourable friend says he gave. By this motion, is he merely altering the number of senators, or is there something more involved in that?

Senator Frith: No, it does more than that. It establishes a standing joint committee where previously there existed only a special committee. It also sets the number of senators at nine. I did previously discuss the question of numbers with Senator Macdonald and Senator Petten.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I would like to add, with respect to this motion, that I was a member of the joint committee. The purpose of the motion is to form a standing committee of the Senate and the House of Commons. I would have liked cabinet to accept other suggestions that were submitted in our report, especially the one to give more power to the Commissioner of Official Languages, and also the suggestion that we discuss the precedence of the Official Languages Act over all other government legislation.

Senator Frith: It is in the Constitution.

Senator Asselin: In any case, we had a good discussion on the subject in committee. We would have liked the government to be able to take a stand on these issues.

Hon. Paul C. Lafond: The number of senators is now set at nine. Could Senator Frith inform the Senate how many there were before on the special committee?

Senator Frith: That is a good question. I think there were seven. I am sorry I do not know the exact number. Now I am told there were six. Since it is clearly a non-partisan matter of principle, and the motion is supported by both parties in this chamber, perhaps, with leave of Senator Bosa, we could add Senator Asselin's name as co-mover.

Senator Asselin: That will enhance your motion.

Motion agreed to.

[*English*]

ABORIGINAL PEOPLES OF CANADA

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

Hon. Charlie Watt, pursuant to notice of March 27, 1984, moved:

> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;
>
> That the Committee be composed of eight Senators;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to travel from place to place within Canada; and
>
> That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required by the said examination.

He said: Honourable senators, I am honoured to address this body. While this may be the first time I have spoken in this chamber, I can assure you that it will not be the last. As an aboriginal person and a new senator, I plan to participate fully in Senate deliberations and the important contribution that the Senate will make to the future of our country.

The motion I am presenting today concerns such a contribution. The motion calls for the establishment of a Special

Senate Committee on Aboriginal Issues. Honourable senators, I believe that such a committee would have an especially important role to play at this point in time. It would provide all of us with a new forum on aboriginal issues, and I stress the word "new". It would provide all aboriginal peoples of Canada with a new forum in which to express their concerns. It would be a forum to develop new approaches, new ideas and new concepts. It would be a new method by which the Senate could address the needs of the aboriginal peoples.

Speaking from my personal experience, honourable senators, I know that the aboriginal peoples must be a part of this country, and that is one of our goals. However, Canada must provide us with a way to succeed in feeling and being a part of this country. Such things as special programs, bilateral negotiations, constitutional reforms and the land claims process all have their place in answering the concerns of the aboriginal peoples. These, however, are not enough because impasse at these forums is unavoidable. I think honourable senators saw an example of this only too clearly a few short weeks ago at the First Ministers' Conference on Aboriginal Rights. I am saying that, when the system stalls or fails, we owe it to the aboriginal peoples and to the entire country to find new ways of dealing with these important issues.

I believe that the Senate must make a meaningful commitment to the aboriginal peoples. The Senate is in a unique position to take a long-term approach on those issues. Most of all, however, the Senate must play a more active role under its special trusteeship responsibility for the aboriginal peoples of this country. This responsibility belongs to the Senate as much as it belongs to any other federal institution.

• (1600)

In order to be effective, the proposed Senate committee will have to deal with a wide range of issues. In addition to social and cultural matters, I would see the committee devoting a good deal of time and effort to questions relating to the political and economic development of the aboriginal peoples. Moreover, it would have to examine the day to day implementation problems at the local level so that the opportunity to develop new approaches and new thinking is not poisoned.

Honourable senators, I believe that such a committee could quickly be put to work exploring such questions as workable models of self-government for aboriginal peoples. Many people in this country do not have a clear understanding of what self-government is all about. One senator from Alberta came to me the other day and said that he did not know what self-government was all about. I can provide that information, as can many of my people. It is just a matter of sitting down and exchanging views and trying to understand the crux of the issue. That is what I believe the Senate can contribute to, and not only contribute to it by way of the establishment of institutions but by passing on information to the general public of Canada. I think we owe that to the general public of Canada. I think that is important if the two nations of this country are to survive. The method of self-government and the mechanisms have to be worked out. I believe that that should be the responsibility of the proposed committee.

We intend to remain in this country, and the problem is not going to disappear. No matter how the system might ignore the needs and cries of our people, the problem will never disappear. Since it will always be here, it is better to try to deal with it now. I have pressured the government, regardless of what government was in power, and have been doing so for the past 15 years.

Some honourable senators might think that I am too close to the problem. That may be so, but I believe that I am also close to the solution. I believe I can contribute to the work of that committee if and when it is struck.

An additional problem arose out of the James Bay/Quebec agreement, to give you an example—a problem which we did not foresee at the time we negotiated and at the time leading up to the convention—and that is the problem of individual versus collective rights under aboriginal self-government. Why is there a problem in that area? It is because there are so many fragmented institutions that cannot get together or work together because the law does not allow them to. That is one reason why the aboriginal peoples have determined to establish self-government, because when there are two sets of institutions in place, one being an ethnic body and one being a public body, there are problems when one gets to individual versus collective rights. That has to be ironed out. If the James Bay/Quebec agreement is to be used as a model right across the country, there will be problems. Before those problems get too big, I think we should deal with them.

Additional areas I feel should be examined by the proposed Senate committee are alternatives to the current extinguishment policy and land claims approach. Again, if I were to try to outline to you what those alternatives mean, you would only be hearing my side of the story, but I should like to have this proposed committee in place so it can enjoy the same understanding I have as to the current extinguishment policy. There are alternatives.

Perhaps some might ask why we need land claims settlements. Well, if there are no land claims settlements, how does one deal with land claims.

Finally, honourable senators, I am aware that the creation of new committees may well burden the Progressive Conservative members of the Senate with still more duties. However, I would like to state that the proposed committee would be small, and I would also stress the non- partisan nature of the issues it would be dealing with. I believe the Progressive Conservative Party has one or two senators they could name to this committee, but that will be up to them. I know we can put together a committee to study aboriginal issues.

Hon. Martial Asselin: Senator Frith will fix that.

Senator Watt: I appreciate that.

In closing, honourable senators, I call upon you to give unanimous consent to my motion to establish a Special Committee of the Senate on Aboriginal Issues.

On motion of Senator Frith, debate adjourned.

The Senate adjourned during pleasure.

• (1710)

The sitting of the Senate was resumed.

PRIVATE BILL

UNITED GRAIN GROWERS LIMITED—BILL TO AMEND ACT OF INCORPORATION—COMMONS MESSAGE

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons returning Bill S-10, to amend the act of incorporation of United Grain Growers Limited, and acquainting the Senate that they had passed the bill without amendment.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Brian Dickson, 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 Speaker, the Honourable Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide borrowing authority (*Bill C-21 Chapter No. 5*)

An Act to amend the Act of incorporation of United Grain Growers Limited (*Bill S-10*)

The House of Commons withdrew.

The Honourable Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, April 10, 1984, at 8 p.m.

APPENDIX

(*See p. 420*)

Unclassified

Department of Finance
April 5, 1984

NOTES ON THE BUDGET FORECAST FOR PUBLIC DEBT CHARGES

The February 1984 budget and the Main Estimates for fiscal year 1984-85 contain the following estimates for public debt charges:

	1982-83	1983-84	1984-85
Public Debt Charges			
— $ millions	16,971	18,130	20,350
— % of total outlays	21.3	20.0	20.7
— % of budgetary revenues	30.8	30.9	30.2
— % of GNP	4.8	4.7	4.7

The figures for 1982-83 are final audited numbers as reported in the public accounts. The figures for 1983-84 are estimates based on the experience up to the time the budget was presented in February 1984 and on the forecast for the remainder of the fiscal year. The figures for 1984-85 are forecasts based on the assumptions outlined in the budget.

The forecast for public debt charges in 1984-85 is based on a detailed accounting of outstanding debt and projected new issues of debt. Each outstanding debt issue is tracked and the debt charges associated with it are computed. In addition, assumptions are made concerning

(1) total new debt issues (based on the budget forecast for financial requirements)

(2) the debt market strategy to be adopted (which involves assumptions about when the debt will be issued and the proportion of the debt that will be covered by each of the available debt instruments) and

(3) the interest rates that will apply to new debt issues as they are sold.

The results of this detailed calculation are added up and the result is presented in the budget as the government's forecast for total public debt charges.

THE SENATE

Tuesday, April 10, 1984

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

Prayers.

[*Translation*]

CANADA HEALTH BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-3, relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof.

Bill read first time.

[*English*]

Hon. H. A. Olson (Leader of the Government): I move that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Hon. Jacques Flynn (Leader of the Opposition): You should have asked for leave, because normally the bill would be placed on the Orders of the Day for second reading on Thursday. The Standing Senate Committee on Social Affairs, Science and Technology, as I understand it, will present a report on the subject matter of this bill tomorrow. That is why I think we should wait, at least until tomorrow.

Senator Olson: I agree. As usual, Senator Flynn has been very helpful.

Hon. Martial Asselin: He is always right.

Senator Olson: He is usually right, and that is as far as I will go this evening.

Senator Flynn: I am always right, but the Senate does not give me a right.

Senator Olson: If I may, I should like to thank Senator Flynn for his interjection and agree with it because it does lay out more precisely what I think was the understanding.

Motion agreed to.

SENATE REFORM

RESPONSE OF GOVERNMENT TO REPORT OF JOINT COMMITTEE

On Presentation of Petitions:

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have the honour to table the response of the Government of Canada to the report of the Special Joint Committee on Senate Reform which was tabled in the Senate on Tuesday, January 31, 1984. This is Sessional Paper 322-155.

I ask that this response of the Government of Canada be printed as an appendix to the *Debates of the Senate* of today.

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

Hon. Senators: Agreed.

(*For text of document see appendix, p. 452.*)

HUMAN RIGHTS

JAPANESE-CANADIANS—GOVERNMENT APOLOGY—NOTICE OF MOTION

Hon. Jerahmiel S. Grafstein: Honourable senators, I give notice that on Tuesday, April 17, 1984, I will move:

That whereas the fundamental purpose of the Constitution of Canada is to protect the basic rights of all Canadians;

Whereas certain basic rights of Canadians of Japanese descent were infringed upon by acts taken by the Government of Canada and others by reason only of their racial origin and not their loyalty to Canada;

Whereas there are living Canadians of Japanese descent who suffered and who continue to suffer as a result of these unconscionable acts taken falsely in the name of patriotism or security;

(1) the Senate of Canada endorses, on behalf of all Canadians, the position that a formal apology be extended by the Government of Canada to those living Canadians of Japanese descent for the acts of incarceration of such individuals and the confiscation of their businesses and properties made during the Second World War;

(2) the Government should consider the advisability of appointing a Special Claims Commissioner to adjudicate partial compensation for claims made by living Canadians of Japanese descent for the loss of their businesses or properties as a result thereof; and

(a) that such claims for partial compensation be received by the Claims Commissioner for a period of one year from the date of proclamation of the Act establishing the same;

(b) that $50 million be allocated by the Government in the aggregate for all such claims;

(c) that the balance of any such $50 million be returned to the Government when the Commission completes its responsibilities; and

(3) the Government take the necessary steps to ensure that any personal records or fingerprints, if any, of Canadians of Japanese descent obtained and kept by police officials during the Second World War be destroyed forthwith.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, quite distinct from the substance of Senator Grafstein's motion, it does have a preamble which, technically, is out of order under rule 22. Perhaps before the motion is moved on Tuesday, Your Honour would look to see whether the mover might be prepared to leave out the preamble. I am not making objection to what is said in the preamble, but it ought not to be in the motion.

Hon. Jacques Flynn (Leader of the Opposition): Perhaps it would shorten the speech of the honourable senator.

Senator Frith: That is a possible merit of a preamble.

QUESTION PERIOD

[*English*]

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

FINANCIAL STATUS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if I could ask some questions of Senator Austin. The topic around which my questions are framed this evening has to do with de Havilland.

As honourable senators know, sometime last month we were recommended by the minister to supply the amount of $240 million as an advance to that company in order to cover certain financial requirements. At the time that the advance was proposed—certainly in the committee and, I think, in the house—the minister declined to give us any statement to justify the expenditure of this sum of money or to report to the chamber on the status of de Havilland's activities at the present time. Since then, the matter has been raised in a wider forum, and I wonder if the minister is prepared now to tell us something about the situation that he sees facing that company.

Hon. Jack Austin (Minister of State for Social Development): Thank you, Senator Roblin. I am not surprised that I am being questioned this evening about de Havilland, and I appreciate your invitation to make a statement. I hope that my colleagues will allow me to speak somewhat fully to the question.

When we included in the supplementary estimates, which were voted as at March 31, the sum of $240 million for de Havilland, the amount was inserted as a requirement to assist in the repayment of existing debt. In fact, the debt was in the area of $323 million, against which the $240 million has been a contribution. We were able to pay the debt off in full because sales activities by de Havilland have risen quite effectively in the last two quarters. We sold out our inventory of Dash-7s and we are considering recommencing that production line.

There have been other revenue sources as well, so that, at the moment, de Havilland is not in debt, aside from its ordinary trade liabilities.

Hon. Martial Asselin: Without deficit?

Senator Austin: Without deficit?

Senator Asselin: I thought you called it a deficit.

Senator Austin: de Havilland has no corporate debt except its normal current trade liabilities, Senator Asselin.

The decision that was before the government and that was referred to the CDIC in the late fall of 1982, when I became responsible for the CDIC and de Havilland, was whether to enter production of the Dash-8. Unlike the situation in Canadair, where the decision to produce the Challenger had been made—and we were now reaping the results of overruns of cost—the Dash-8 decision had not been made. Therefore, I had the responsibility for recommending to my colleagues in the cabinet what to do about production of the Dash-8.

This process has been continuing through government evaluation and consideration. The short of it is that the management and board of directors of the CDIC as well as de Havilland came to the conclusion that, on the basis of commercial sales potential, the production of the Dash-8 was not a commercial decision which they could take.

As honourable senators know, de Havilland has an excellent reputation. In fact, that reputation continues to be merited for its production of aircraft in its class: the Dash-7, the Otter, the Buffalo, and, of course, the great Beaver. The Dash-8 is ranked by the technical community as a great success in the 35-passenger class. We believe that it will, as all other de Havilland products have done, take the largest share of the market for this type of aircraft. We have assessed that market in great detail and have taken a great deal of advice from professionals about it. It is a hotly competitive market, and we face, in this class, five other aircraft seeking to establish themselves. Of those five other aircraft, all have state support. Some are entirely state-supported while some are mainly state-supported.

It is therefore impossible for us to know what the cost-effectiveness of our product is as against theirs, but, in testing the market, our price is competitive. We have one concern, and that is that financing practices in this area of the aircraft industry—as in most areas of the aircraft industry—can only be described as predatory. There is enormous activity in the form of interest buy-down. There is enormous activity in the way of assumption by the aircraft manufacturers of various financing costs, so that there is some additional level of subsidy.

Notwithstanding all of that, it has been noted by cabinet that a commercial level of performance can result if we achieve a somewhat more optimistic experience than that predicted by the CDIC and de Havilland. In consequence of

that, I presented to cabinet, and I intended to present to Parliament this coming Friday, April 13, the financial statements of de Havilland and to follow with an explanation that the federal government had determined that it would proceed with the Dash-8 production.

• (2010)

Let me tell honourable senators that the consequence of adopting the conservative financing case which we have accepted on the recommendation of CDIC and based on a 10-year de Havilland Dash-8 production cycle is, in our estimate, a likely cost to the taxpayers of approximately $200 million over that 10-year period.

The government believes that the decision to proceed with the Dash-8, although not commercially justified, is justified on a national policy basis. de Havilland is a highly significant manufacturer in Canada. It is important in the Province of Ontario, and I might add that I have spoken to the appropriate minister of the Government of Ontario, and that government has been encouraging concerning our decision to proceed on the basis I have mentioned. The company is significant to our aerospace effort. It employs approximately 4,000 people directly and an additional 4,000 to 5,000 people indirectly in manufacturing enterprises, small businesses, all across Canada. Much of the parts for de Havilland aircraft are manufactured in components in the private sector. The aircraft is also 72 per cent Canadian. It is an important user of the Pratt & Whitney engine which has been developed by that company in its premises in Montreal, and which promises to be one of the most successful engines developed in Canada.

It was our conclusion that in order to protect our technology and our ability to remain in the aerospace industry, we should make this investment. We have no intention of creating a static position for de Havilland as a corporation. We have a good deal of work to do to ensure its future. We have down-sized the company, to use the jargon, to make it as lean as possible while still being able to do this work. We have studied the integration of some of its activities with Canadair in order to save some additional funds, and we shall continue to monitor and control its costs.

The company, from all of our business case studies, would, in fact, be in a comfortable financial situation commercially, and we will take no losses on the Dash-8 if, from every sector of business, we could generate an additional $150 million annually of cash to the company. Therefore, one of the objectives of proceeding is in order to find these new business sectors to enhance the company's efficiency, and to turn de Havilland around in the shortest possible order.

I believe that the decision is a sound one in policy. In the finance committee of the other place, I offered to bring the analysis to members of that committee and to discuss the options with them, so that, to the extent possible, we could have a non-partisan decision in this particularly important manufacturing industry. However, Michael Wilson, the Conservative member in the other place, said he wanted the government to take the responsibility for a decision and to bring a decision to Parliament. That, indeed, is what we have done.

As I said, I wanted to bring this report to Parliament on Friday, when I will be able to table the de Havilland financial statements.

Hon. Jacques Flynn (Leader of the Opposition): On Friday?

Senator Austin: On Friday, in the other place. My intention was to table the financial statement and make a statement available next Friday. However, today's *Globe and Mail* carried a story based on an assessment report by the Ministry of State for Economic and Regional Development. As a result, I responded to the press this afternoon, as the Prime Minister said during Question Period in the other place I would do, and to this chamber this evening. Of course, I am prepared to answer further questions as honourable senators present them.

Senator Asselin: You have not answered any questions; you have made a statement. Can I get a copy of the statement?

Senator Austin: You will have one.

Senator Asselin: When, next week?

Senator Roblin: I expected the minister to make a statement on this subject tonight and that is why I phrased my original question in such a way as to enable him to do so.

Senator Austin: Thank you.

Senator Roblin: However, I expected that he would supplement his verbal statement with a written one, because it is a little difficult for members on this side of the house to listen to a verbal statement and to grasp the full implications of what is being said. There are one or two things that stand out. The statement the minister gave us does not seem to square very well with the information that was given in the press report to which he has alluded with respect to the analysis made by the Ministry of State for Economic Development on February 2. Their statement of that date, which, I trust, is correctly quoted in the newspaper, reads as follows:

> The management and board of directors of the CDIC—

That is the first point, the CDIC.

> —have concluded that the Dash-8 program, and, therefore de Havilland, will not become commercially viable within a 10-year time horizon on the basis of current financial arrangements, . . .
>
> Indeed, under conservative but realistic sales forecasts the company is not expected to achieve a break-even position on cash requirements within the period.

One of the key phrases in that statement which the minister might be prepared to expand upon is the reference to the "basis of current financial arrangements." We know very well that when the matter of Canadair was before this house a solution was found to the problem of current financial arrangments by that famous sleight-of-hand transfer of $1.350 billion from the books of Canadair to a company which I shall refer to as "old Canadair." It is easy to see that if you make the right financial arrangements you can get any kind of result

you want with respect to the future prospects of the particular company. I would like to know from the minister whether any changes are contemplated in the financial arrangments with respect to de Havilland which would enable him to say that in the opinion of the government the continued operation of this company is in the public interest.

Speaking for myself, I shall leave that point open and not make any allegations tonight as to whether the continuation of de Havilland is good or bad. So far I do not think we have been given enough information or facts in this matter to make a suitable judgment but I do say to the minister that he has probably raised more questions than he has answered in his statement tonight. For example, he talked of a sum of $240 million as being the contribution of the public to the future success of de Havilland. I wonder how he arrives at that sum.

Since the fall of 1982, according to this statement, some $500 million of public funds have gone into the Canadair and, in addition, a guarantee has been given for some $450 million. What relation that situation has to the equity infusion of $240 million last month is a bit obscure to me. Perhaps it could be explained. The statement of February 2 that was prepared by the Ministry of State for Economic Development does say something about the future financial arrangements to be considered for this company. I am not sure from the minister's statement as to what the reaction of the government has been to that proposal because it proposes that the sum of $949 million be made available for the use of de Havilland in one way or another over the period 1984 to 1988.

• (2020)

If that figure is correct then I wonder how it affects the commercial viability of this company. If the minister is concerned about public sector support, and he seems to indicate that he is, then $949 million is a great deal of money. If you add into that figure what has already gone into this company it then becomes a colossal sum of money.

In the statement referred to, the breakdown of that $949 million is given. It is divided into about five or six categories. I suppose it is a little too much to expect the minister to expand on those categories tonight. Thus, I say to him, while I think his statement is useful in starting a discussion on this matter, I hope he will offer to make plain to the members of this house exactly what the financial complications of de Havilland are at the present time. The minister might even be prepared to do it before Friday, April 13. I can suggest a much better date; Wednesday, April 11 would be fine. I do not think it would break any of the rules of Parliament if he were to disclose to his colleagues in this house, or one of its committees, what he has in mind with respect to this company.

At that time he might say whether he has any plans with respect to a reorganization of de Havilland and Canadair by a form of joint operation, or matters of that sort, which he has undoubtedly considered.

The minister can see that there is a whole range of questions which are raised by his original statement and which require answers. I think my honourable friend would be well advised if he were to give us the complete justification for the policy the government is following. We understand very well the advantages of anything we can do to promote high technology industries, even if we have some airplanes which fly to South America and do not fly back again which are on the leading edge of technology, as the minister is so fond of telling us with respect to Challenger. Maybe the Dash-8 would be able to get there and come back as well—who knows? It is an interesting speculation.

I am saying to the minister we are familiar with the arguments made from time to time in order to justify an expenditure of public funds in a non-economic venture which this may turn out to be. By no means do we dismiss them. However, we think there is a point of balance. We think there is a benefit cost relationship. I am saying to the minister that we expect him to justify the benefit cost relationship of these expenditures of public funds if, indeed, the government goes ahead with them.

I invite my honourable friend to tell this chamber that he will attend a meeting of the National Finance Committee at his earliest convenience—Wednesday or Thursday—and let us in on the whole of this plan which the government has.

Senator Austin: Senator Roblin, in view of earlier remarks made by your colleagues, I thank you very much for making a statement even longer than my opening one. I will not go on at length.

Senator Roblin: If the questions are longer than the answers then there must be something wrong with the answers.

Senator Austin: You have raised very important questions. I would be pleased to meet with the National Finance Committee next week. The reason I say next week is because I believe honourable senators should have the advantage of having de Havilland's financial statements before I meet with the committee. Those financial statements will be made available in the other place on Friday, April 13, and in this chamber when it sits at the first opportunity next week. I would then be prepared to arrange a time next week to meet with the National Finance Committee in order to make a statement and endeavour to reply to the questions raised.

With respect to the subject of the Canadair Challenger, I would like to say that the problem with Mr. MacEachen's jet and his rapid descent to a lower altitude was in fact due to a very small valve in the oxygen system. The Challenger is a super-sophisticated technological product of the 1980s but it has a small valve in the oxygen system which failed to work. This valve was designed by someone else and placed in the aircraft by someone else. There are two alternative systems in the aircraft. It so happens that the design has both oxygen systems running through this one valve. Our specifications will probably be changed in that respect.

With respect to the questions concerning de Havilland, I could be prepared to do so. However, I would have to be allowed some 15 or 20 minutes in order to meet the questions asked. I am at the disposal of honourable senators. As an

alternative, I am prepared to meet with the National Finance Committee next week.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, I do appreciate the fact that the Minister of State for Social Development is offering to appear before the Committee on National Finance. However, I believe that the last time the Minister appeared before the committee, we asked for an *in camera* meeting. It is all very well to table Canadair's or de Havilland's financial statements, but actually they tell us absolutely nothing.

Any effort to scrutinize the companies' financial statements is wasted in sheer futility. I understand that the answers we try to obtain must be kept confidential to a certain extent as there are competitors waiting to hear what the Minister will say during the public sittings of the committee.

I see that Senator Doody, the chairman of the committee is here; I thought that we had agreed that the Minister would appear *in camera* so we could examine the problem in depth. If the problem is considered by the Committee on National Finance with public hearings and so on, I am convinced that we will never get the answers we want.

If we could sit *in camera*, we may have better results. I believe that we should consider that. In any case, Senator Doody himself might have a chance to speak on that.

Hon. Jacques Flynn (Leader of the Opposition): Is this a question, an answer, or what?

Hon. Joseph-Philippe Guay: It is both.

[*English*]

Senator Austin: Honourable senators, I appreciate the observations of Senator Leblanc. I would be prepared to meet with the committee in the normal way for a proportion of the time, and to debate the general policy issues in that fashion.

The *in camera* suggestion which I made, and which you well recall, relates to very specific commercial data which it is not in the public interest to disclose to our competitors or, indeed, to our customers. I am prepared to have an *in camera* discussion of some of those aspects if I have the undertaking of the members of the committee to treat those particular aspects in great confidence.

Hon. C. William Doody: Honourable senators, Senator Austin's recollection of our understanding is an accurate one. At the last meeting of the Standing Senate Committee on National Finance when we discussed the Canadair financing, certain questions were raised about de Havilland and the minister told us that he was not prepared to present the government's case at that particular time since there were data to be prepared or financial statements that had not yet arrived. At that time, we discussed an *in camera* meeting to obtain certain supporting background data on the Canadair situation. That was agreed to, and we also agreed to discuss, *in camera*, certain aspects of de Havilland.

I would suggest to the committee members and to the minister that perhaps a mixed meeting might be appropriate. We could start off with an open meeting and then later have an *in camera* session to look at the classified data.

Perhaps the minister could tell me why he is so anxious to appear before the House of Commons to present his report or to table the information there before he does so in the Senate. My own feeling is that, since the minister is a member of this chamber, it may be more appropriate for him to appear before the Standing Senate Committee on National Finance first, rather than the Commons committee, in order to show to the public at large that this is a significant chamber deserving of the attention of the minister and his department. Perhaps we may be able to ask our questions in a relatively intelligent manner that will enlighten the public. I would ask him to reconsider his choice of chamber and perhaps do us the honour of appearing first before the Senate committee.

Senator Austin: Honourable senators, the reason for the tabling of the financial statements in the other place first is that, under the Financial Administration Act, I am obliged to lay these financial statements before Parliament within 15 days. Indeed, given the preparation of the statements and their translation, my first opportunity will be on Friday of this week. Therefore, I will not be able to present them to this chamber unless the Senate is also sitting on Friday.

• (2030)

On the question of appearing first before a Senate committee, I believe that I made that offer this evening. I will also appear before a committee of the other place whenever the members of that committee and I can arrange a mutually convenient opportunity. I said that I would be prepared to meet before the end of next week with the members of the Senate committee. It may well be that the discussion of de Havilland will be presented first to that committee.

Senator Roblin: When the minister appears before the committee, I wonder if he would be prepared to consider a discussion of the current business relationship between General Dynamics Limited and Canadair. I believe there is a continuing joint activity of those two companies, and it might be useful to determine exactly what that activity is.

I particularly ask the minister whether or not the association between Canadair and General Dynamics Limited is reflected in any way in the Canadair update report of March, 1984. Is it involved in some way in their figures, and if it is, perhaps that could be made plain to us.

Senator Austin: None of the Canadair financial statements involves anything on its balance sheets other than to reflect the fact that General Dynamics is a tenant of Canadair. I might add that that arrangement was entered into at the time Canadair was acquired from General Dynamics in 1976.

There were a great many statements made in error in the other place by Mr. Blenkarn, and I am delighted to have an opportunity in committee to correct those errors. I also want to say that what is happening now is that the lease arrangement is under negotiation between General Dynamics and Canadair.

It is rather unfortunate that an officer of General Dynamics, in order to assist in its commercial discussions, has decided to

make a political issue of the relationship between Canadair and General Dynamics. I very much regret Members of Parliament being used in that way. I hope that Canadair and General Dynamics can effect a commercial conclusion without political intermediation at the invitation of General Dynamics.

Senator Roblin: Honourable senators, I wonder what the basis is for my honourable friend's statement of political interference. The only document I have—and there may be others; and if so, he could advise me of them—is a copy of a letter General Dynamics wrote to Canadair in which it discussed in a straightforward and business-like way the advisability of either buying a certain plant facility of Canadair or having it modernized to make it more efficient in its operation. Are there other initiatives on the part of General Dynamics to which my honourable friend objects?

Senator Austin: Senator Roblin, could you tell us how you came by that commercial correspondence?

Senator Roblin: I certainly can; it was handed to me by a member of the research team—no, it was handed to me by a member of the House of Commons. That is how I received it. How he got it, I do not know, but what difference does that make? It is just a simple business letter and has no political implications whatsoever, and if this is the only document, I find it hard to believe that the minister can accuse them of political interference. What use politicians may make of it is something else, but what General Dynamics did is, it seems to me, perfectly straightforward.

As far as I am concerned, I am asking the minister a question on policy which I think is perfectly legitimate and cannot be described as being crassly political, although I admit that occasionally politics do get into this chamber.

Senator Austin: It is rather delightful to have you deny the political character of your intervention while intervening in a political format. You are serving the very purpose of General Dynamics' desire to bring the political process into their commercial negotiation with Canadair.

I suggest to you that members of your party in the other place were approached directly by an officer of General Dynamics with a cockamamie story about Canadair and its management capacities, a subject about which they know nothing, and they provided additional information which is erroneous.

I would be very pleased, indeed, to describe the circumstances of that information to persons in the other place before the Senate committee, if I should be directly questioned.

But I think my point is very well made. I am suggesting that General Dynamics, through one of its officers, came to members of the other place who, in turn, decided very unwisely to involve themselves in what is totally a commercial relationship between Canadair and General Dynamics, and those members did so for partisan political advantage, and here you are reinforcing the game plan.

Senator Flynn: Why would you say that?

Senator Austin: Because of the fact that Senator Roblin is holding a letter and cannot name the source or will not name the source; I think "cannot" is more appropriate.

Hon. Martial Asselin: You are not a lawyer.

Senator Austin: Why you have that letter and why you are intervening I think speaks for itself.

Senator Roblin: My honourable friend is peculiar. He says that General Dynamics is doing this for crass political advantage. Well, that must be based on the assumption that somebody else apart from my honourable friend will be minister one of these days, because certainly he is not going to get any political advantage—

Senator Austin: Crass commercial advantage!

Senator Roblin: It is the same thing. This is a crown corporation which has received $1.350 billion of debt forgiven; this is a crown corporation that has not made money in a donkey's age; this is a crown corporation which has been rife with mismanagement, as the minister himself has been forced to admit, and yet when anyone asks a question about the commercial operations of that company it is considered to be out of bounds. That cannot be the case. If it is a crown corporation, the minister will have to answer questions with respect to what goes on in that crown corporation, and the minister can talk all he likes but we will continue to ask our questions, and when he appears before the committee we will expect a fuller explanation.

Senator Austin: Honourable senators, I cannot help but stand once more to say that Senator Roblin is digging himself in very, very deeply. He is backing one party in a commercial discussion—a tenant of Canadair—and I think that there is no public policy aspect to that particular negotiation. If there is, I should like him to tell us what it is. All I see is Senator Roblin—and it is unusual for him—lending himself to a commercial caper, something that politicians should be very wary of being used in.

Senator Flynn: Just think of the guy who was involved in the uranium cartel telling us these things. For goodness sake, you should be ashamed of yourself.

Senator Roblin: I do not know about commercial capers, but when it comes to political capers my honourable friend is a past master. There is nobody who can do that better than he. If we were in a less distinguished environment than the Senate, I think I would call him a flimflam artist, because he is a man who can present a bad case in the most attractive light. He is better at that than anyone I know. I am not taking sides, as he very well knows; I am asking for information, and there is a great deal of difference. I think I will continue to ask for information when the minister appears before the committee.

Senator Austin: Perhaps I owe Senator Roblin an apology; I thought he was pursuing the line of questioning followed by Mr. Blenkarn—

Senator Flynn: You do not understand the questions that are being put to you.

Senator Austin: —otherwise I cannot imagine the reason he rose at all.

As far as Senator Flynn is concerned, I do want to say that the uranium cartel arrangement was one of the most important—

Senator Flynn: I know that.

Senator Austin: —policy matters the Government of Canada has been involved in. It was for the defence of—

Senator Flynn: It was a good caper.

Senator Austin: —thousands of Canadians in uranium-dependent communities and industries. I am really surprised that you have raised arguments that indicate that you have no concern about that industry or the people involved in it.

Senator Flynn: I do have those concerns. That is not the point; the point is that you were hiding things at that time.

Senator Roblin: Why not come clean?

Senator Austin: There is nobody with cleaner hands.

Hon. David Walker: A year from now you won't be talking that way, sonny.

Senator Doody: I wonder if I could ask the minister of the pristine paws to elaborate on—

Senator Austin: I just want to say that Senator Walker has said that a year from now they will put me in jail. I consider that to be one of the most offensive remarks possible, and I intend to take the remedies appropriate to that remark, Senator Walker.

● (2040)

Senator Walker: I made no such statement.

Senator Roblin: He didn't say that.

Senator Austin: I heard him say it.

Hon. Richard A. Donahoe: He didn't say that.

Senator Austin: I heard him say that and if he denies he said it—

Senator Walker: Honi soit qui mal y pense!

Senator Austin: —and if it does not show up in *Hansard*, I will consider what to do, but I heard him say it.

Senator Donahoe: You don't know enough to apologize.

Senator Doody: The minister said that the documents have to be tabled within 15 days of something.

Senator Austin: After the end of the fiscal year.

Senator Doody: The record does not show within 15 days of what. There is no reference point in there. Could the minister tell us from what date those 15 days started to run with the result that the time expired on this particular Friday when this particular chamber is not sitting. I think it is important that the record show why the documents are not being tabled in this house and are being tabled in the other place first. If it is 15 days within the date of something or other, then that Friday, obviously, is the deadline and the minister cannot go beyond that date, but I think we should show that on the record.

Senator Austin: It is 15 days after the end of the fiscal year, which is March 31, and due to the time taken to prepare these statements and to translate them, I am not going to be able to table them before Friday, April 13.

Senator Doody: Perhaps when the minister is dealing with these various crown corporations for which he is responsible, it might be appropriate to try to have the documents prepared in time so that he can report to the chamber of which he is a member rather than to the other place. If he leaves it right to the fifteenth day, then, obviously he is boxed in. If you could impress upon the minions who work for you in these various and sundry multimillion dollar corporations that you rule to respect the dignity of this house and your responsibility as minister to it, it would be gratifying to have the reporting done here rather than in the other place.

Senator Austin: I, too, would prefer that. This chamber is lately following the interests of the other place which called upon me to give evidence several times in 1983. Whenever I can bring any matter to the attention of this chamber, I do so as expeditiously as possible.

[*Translation*]

Senator Leblanc: Honourable senators, concerning the relationship between General Dynamics and Canadair—

Senator Flynn: This is secret material.

Senator Leblanc: —concerning the relationship between those two companies, I believe that when the minister comes before the committee, it will be important to know exactly what is the present relationship. If they are merely tenants, what proportion of the space are they occupying at Canadair? What rent are they paying? How much does this rent represent per square foot? Indeed, we need as many details as possible if we are to be able to assess somewhat the relationship which presently exists, because this cannot be seen from the financial statements. As I was saying a minute ago, financial statements do not give us much information. In order for us to know what is really going on, in order to exercise our judgment, we must go beyond the figures and examine the facts. So, I believe it is rather important, Mr. Minister, that you be prepared to give us as much information as possible.

[*English*]

Senator Austin: Honourable senators, I will certainly try to bring the information which the committee would like to have and which will be of advantage to the committee. I am saying, and I want to say it very clearly, that I would not like to see a committee of this chamber or the other chamber try to second guess the commercial judgments of management as to what is in the interest of the corporation.

EXPO '86

BRITISH COLUMBIA—LABOUR DISPUTE

Hon. Sidney L. Buckwold: Honourable senators, tonight is Senator Austin's night.

Hon. Duff Roblin (Deputy Leader of the Opposition): In a manner of speaking.

Hon. Jacques Flynn (Leader of the Opposition): I don't know if he believes that.

Senator Buckwold: I believe he is beginning to get the message.

Hon. Jack Austin (Minister of State for Social Development): What message?

Senator Buckwold: There are stories in the newspapers about some threat to the holding of Expo '86 in British Columbia. I believe that I am correct that you are the minister in charge, and without in any way being critical, I thought it might be advantageous for this chamber to be informed as to what is going on, and whether there is a federal government role in this situation because of the interests of the federal government and whether there is an update on developments.

Hon. Martial Asselin: You had better ask Senator Perrault.

Senator Austin: When Senator Buckwold said that he thinks I am beginning to get the message, I did not understand his reference. I would not mind having it clarified because I certainly have the message of the opposition and I think I have been dealing with their message.

With regard to Expo '86, while I value the question, the policy of the government has been to avoid intervening in the labour dispute and in the provincial government's labour policies relating to Expo '86. The events taking place are on the site for which the Province has responsibility. The Government of Canada site is fully contracted and happens to be contracted to union companies, so there is not an issue of the union and non-union members working side by side. I think that the settlement of the labour policy questions would not be expedited by the federal government offering opinions at this time.

Senator Buckwold: Honourable senators, perhaps not as a supplementary, I should just like to explain to the honourable senator that my reference to the effect that he got the message was in no way denigrating his position in the Senate and did not refer to what was happening tonight. It was merely an expression of my high opinion of him and the fact that all the questions this evening have been directed to him. That was really the implication of what I had to say. I certainly had no criticism of the very able minister.

Senator Asselin: Oh, oh!

Some Hon. Senators: Oh!

Some Hon. Senators: Hear, hear.

Senator Flynn: Honourable senators, we just heard a mutual admiration duel, but I want to ask Senator Austin, since he criticizes Senator Roblin for the questions he puts to him saying that he was taking the side of General Dynamics, if he thinks that Senator Leblanc was doing the same thing or is it acceptable because it comes from Senator Leblanc.

Senator Austin: I did not hear Senator Leblanc do more than ask me for some information that is sought in an impartial way, but I cannot forget that Senator Roblin belongs to a party that has raised this question in the other place in a highly interventionist way—-

Senator Flynn: But he did not.

Senator Austin: —and I saw a commonality of purpose. However, I said that if I was in error—

Senator Flynn: Well, you are.

Senator Austin: —in seeing that common line of questioning between Senator Roblin and Mr. Blenkarn then, of course, I would take Senator Roblin's word that he is only interested in receiving information and is in no way espousing a commercial cause.

Senator Roblin: I admit to being a politician, but I accept my honourable friend's explanation.

• (2050)

SPORTS POOL

ATHLETIC CONTESTS AND EVENTS POOLS ACT— FEDERAL-PROVINCIAL AGREEMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to questions asked by Senators Asselin and Flynn on April 3, 1984. The answer is relatively long and I would ask that it be taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, the federal government will not await the decision of the court before it starts operating the sports pool. The product is "on line" and introduction is imminent. Other options are not being discussed at the moment.

Offices are open in Toronto, Montreal and Ottawa although they are not yet fully operational.

Insofar as staffing is concerned, it is true that some personnel have been hired to administer the sports pool. The government is now in the process of interviewing wholesalers who will be responsible for the retail outlets. There are also people who have been hired on a temporary basis to sign up retailers until the wholesalers are in place. So far, there are 15,000 retail outlets in Canada which have signed up for the sports pool.

SUPPLY AND SERVICES

USE OF AMERICAN AIRCRAFT FOR FIRE-FIGHTING OPERATIONS IN NORTHWEST TERRITORIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to questions asked by Senator Phillips on March 8, 1984, concerning the use of American aircraft for fire-fighting operations in the Northwest Territories in lieu of the Canadair CL-215 waterbomber. This

answer is also fairly long and I would ask that it be taken as read.

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

Hon. Senators: Agreed.

(*The answer follows*):

The referenced aircraft, the DC-6 and the A-26, were converted by commercial operators for forest fire fighting purposes to be operated from land based airports particularly in locations where no suitable lakes are available for amphibious flying boat operations. In addition to the DC-6 (formerly used in the 1950s for passenger cargo work) and the A-26 (converted second world war bomber), other aircraft like the CS3F (Tracker) and the Canso (an amphibian of second world war vintage) are used. All these aircraft have been converted especially for this purpose from former surplus (low cost) passenger or military aircraft. The contracts referred to by Senator Phillips require the operators to use retardant chemicals for forest fire fighting purposes which is normally mixed and added at land based airports.

It should be noted that the CL-215 and Canso are used predominantly in those provinces having lakes or other water areas suitable for scooping by the aircraft although these aircraft may also carry retardant chemicals.

The CL-215, manufactured by Canadair, has a load capability equal to one-half that of the DC-6 but one and one-half times greater than the A-26. The aircraft is, however, capable of both land and water operation and is the only new fire fighting aircraft in production in the world today. It is precisely the shortfall in modern fire fighting aircraft that has resulted in the Government's initiative to upgrade the nation's capability in this regard and enter into agreements with provincial governments to establish a National CL-215 Fire Bomber Fleet. Under this agreement four (4) CL-215 Aircraft have been purchased by the Federal Government for use in the Territories. Deliveries, however, will not take place until 1986.

Once delivered it is intended that the CL-215 aircraft will be maintained and operated by private industry under contract from the Federal/Territorial Governments.

[*Translation*]

LIBERAL PARTY LEADERSHIP

STATEMENT BY HON. DONALD JOHNSTON, P.C.

Hon. Martial Asselin: In view of the fact that one of the leadership candidates, Mr. Johnston, has come out against the federal government setting up sports lotteries, can the Leader of the Government tell us whether the cabinet will withdraw from those sports lotteries? Is there so much disagreement within the cabinet that this project will be shelved?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, the position of the government is well known and it is unchanged.

[Senator Olson.]

Hon. Jacques Flynn (Leader of the Opposition): Does the same apply to the question of selling the gas stations of Petro-Canada?

Senator Olson: The answer to that question is yes.

Senator Flynn: Is the principle of cabinet solidarity abandoned at this time until the leadership convention is over?

Senator Olson: The answer to that question is no. I would be prepared to elaborate, but perhaps it would not be an elaboration sufficient to completely convince Senator Flynn.

Hon. Duff Roblin (Deputy Leader of the Opposition): You can be sure of that.

Senator Flynn: You would be well advised to keep it to yourself.

ECONOMIC AND REGIONAL DEVELOPMENT

CANADA-NEWFOUNDLAND GENERAL DEVELOPMENT AGREEMENT

Question No. 1 on the Order Paper—**By Hon. Jack Marshall:**

What is the list of the 13 specific proposals submitted to the Federal Government by the Province of Newfoundland under the Canada-Newfoundland General Development Agreement?

Reply by the Minister of State for Economic and Regional Development

The 13 proposals submitted to the Federal Government by the Province of Newfoundland under the Canada-Newfoundland General Development Agreement are listed as follows:

Fisheries
Institute of Fisheries and Maritime Technology
Agriculture
Newfoundland and Labrador Development Corporation
Rural Development
Ocean Research and Development (NORDCO)
FESP (Forest Economic Stimulation Program)
Management Training
Industrial Development
Mineral Development
Corner Brook Harbour Development
Surveying and Mapping
Secondary Roads

Hon. Jack Marshall: Honourable senators, I just received an answer to a question on the Order Paper. As usual, it is old news. It has to do with the 13 specific proposals submitted to the federal government by the Province of Newfoundland under the Canada-Newfoundland General Development Agreement. I was provided the list of 13 in a letter which I received about two weeks ago.

Since the annual agreement expired on March 31, I would like whoever is responsible in the other place to advise us as to when the agreements will be signed for these 13 specific initiatives between the Province of Newfoundland and the Government of Canada.

Hon. H. A. Olson (Leader of the Government): Honourable senators, all I can do is take notice of the question. I frankly admit that I do not quite understand all of it, but certainly *Hansard* will clarify it so that I can see precisely what Senator Marshall is asking for.

Senator Marshall: I can express it a little more clearly: Why don't they get off their butts and answer the question?

Hon. Duff Roblin (Deputy Leader of the Opposition): That is clear enough.

[*Translation*]

CANADIAN YOUTH

APPOINTMENT OF SPECIAL SENATE COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Hébert, seconded by the Honourable Senator Le Moyne:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age;

That the Committee be composed of 12 Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of the professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than March 1, 1985, and

On the motion in amendment thereto of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:

That the motion be amended in the first paragraph by

1) deleting the words "a Special Committee of the Senate be appointed" and substituting therefor the following words: "the Standing Senate Committee on Social Affairs, Science and Technology be authorized", and

2) deleting all remaining paragraphs.—(*Honourable Senator Asselin, P.C.*).

Hon. Martial Asselin: Honourable senators, when the Senate considered this motion, I decided to adjourn the debate to get some information on the advisability of appointing another special committee of the Senate.

I also wanted to read the remarks made before the Senate by my colleagues, Senator Marshall and Senator Roblin, to express doubts about the advisability of appointing such a committee. Our party was not questioning the importance or the substance of the issue at stake, and especially not the competence of the man who might be the chairman of the special committee, Senator Hébert. I admit that Senator Hébert has been very active in the past and that he is still very much concerned about the problems of youth. I have no intention of challenging his expertise in that field.

We have to state our position with respect to a principle which seems to be gaining currency. The Senate does have a fair number of standing committees and, each time they sit, we find it difficult to ensure that they all have a quorum. In addition, whenever a subject a little unusual comes up, the reaction is to set up a special committee. There are people in the Senate who want to build their own little empires. We have seen that often in the past. I am not referring to Senator Hébert, because he has just joined us. But we did see some senators who were very fond of chairing their own little committee. I am not saying that the questions under consideration were not important, but surely they could just as easily have been examined by the standing Senate committees.

So, here we are being asked once again to appoint a special committee to consider the problems and issues facing youth. And yet, honourable senators, a department has just been established with a minister responsible for youth problems. I thought that Senator Hébert, who is quite knowledgeable about those problems, could have been appointed special adviser to the minister, Madame Payette, who is busy building up her department, hiring experts and people who are familiar with the problems of youth, and drafting policies. Besides, we learned recently that those policies will be implemented or announced in June. That is why we are wondering whether a Senate committee might not be anything more than a duplication of efforts, especially when we consider what the present government usually does with committee reports. My God, I have no idea how many times I sat on various committees when I was in the House of Commons and since I have been in the Senate. I would say that practically all reports submitted by committees of which I was a member were completely ignored.

The 1972 Committee on the Constitution was never mentioned because, of course, it tabled a minority report which is something not to be discussed. There was a committee that dealt with Bill C-60 and because the Supreme Court ruled that the federal Parliament had no right to reform or change the Senate without the approval of the provinces, the report on Bill C-60 was set aside and we never heard about it.

Senator Molgat, was vice-chairman of a group of senators who travelled all across Canada asking people what they thought about Senate reform. I believe that we worked hard in

order to present a good report. This report was tabled in the Senate and is now being discussed, but we have not yet heard the Government's response to it.

Hon. Jacques Flynn (Leader of the Opposition): There was something of a response this evening.

Senator Asselin: I am told that there was a response this evening. I hope so. In any case, if my comments happened to provoke or influence the statement made by the Government, I am quite happy about it. However, until now, there had not been any response except that Mr. Trudeau said in Quebec City during a debate on federal institutions that it might be a good thing to look closely at the report of the committee on Senate reform. In other words, the Government wanted to use this as an election platform; I have nothing against that. I am under the impression that the problem today is whether or not there will be a duplication of efforts since both the new Ministry for Youth and a Senate committee will be examining the problems of our young people. The problems of our young people are easy to understand. They want jobs. When I meet with young people in my region, they do not ask me what they are going to do, but simply: "Have you managed to find jobs for us?" This appeal is also addressed to the private sector. Young people want to build a future for themselves and they want jobs. Even if we were to set up a committee that will tell them that they are to be retrained to give them better opportunities in technological areas, what young people want is to have jobs. What they want the Government to tell them is how it will find them jobs. That is the problem facing young Canadians. There is nothing else. Young people want to build a future for themselves, but they are not given the chance to do so. I do not know how the Government can give them such a chance or how a Senate Committee can do so when young people have been asking for new job creation policies for the past four years. The Government is finding it hard to develop new policies because we are going through a tough period for the economy. I was told this afternoon that the Leader of the Government, before a Senate Committee, simply said that committees must stop travelling across Canada and that we must stop setting up all kinds of new committees.

I believe that he has a point. I am told that the Leader of the Government made these comments at the Committee on Energy and Natural Resources and added: "You are needed in Ottawa, in the Senate." He had a point there because we present a rather high rate of absenteeism in the Senate. The attendance rate is just short of ridiculous. We are going to set up committees which will travel all across Canada and hire experts to examine problems that another Minister is now considering—finding jobs for our young people.

I believe that we are duplicating the efforts of a Department which is just getting organized. I do not know whether Mrs. Hervieux-Payette has approved of the setting up of this committee, but I have the feeling that she is not too happy to see that we shall be duplicating the efforts and the activities of her Department, which she is just organizing.

If we agree to set up this special committee, we shall have also to agree to set up the committee proposed by Senator Watt. I listened to him the other night when he moved his motion. I think that people with his ethnic background have needs. The Senate should make a point of looking at minority problems. The people in front of me who are representing the government, more specifically the Leader and the Deputy Leader, should also agree to setting up the committee proposed by Senator Watt.

• (2100)

[*English*]

I will repeat in English what I said, for the benefit of Senator Watt. I said that we have proposed formation of a committee, which I believe is for a good purpose. If we accept this new special committee on youth, why should we refuse yours? We would have to accept yours too.

[*Translation*]

I too should like to propose to the Senate a new committee which I feel lies within its competence. Honourable senators know that Quebec did not sign the constitutional document in 1982. They are aware that some provinces could get financial compensations for opting out of a joint scheme.

I suggest it is essential that Quebec should be able to sign the 1982 Constitutional document. Nothing has been done for the past two years. Ever since the Constitution was patriated, the Senate has not acted on this very important problem which results in the isolation of some of the Canadian people from the Constitution of their country.

You may want to punish the Quebec government. It is not the Quebec government that you are punishing, honourable senators, but the Quebec people. I had thought of proposing the setting up of a special committee to deal with this issue and suggesting to the government proposals which might convince the Quebec National Assembly to sign the 1982 Constitutional document.

If I move the creation of the committee, I believe the government could not turn down my proposal. We on this side of the House are restricted by our limited number of senators. You can create the committee tonight, honourable senators. The problem is that this committee could very well comprise members from the government side only because we on this side will not be able to participate. We do not have the strength to do it, we barely have the minimum number of senators to make up the quorum on the standing committees of the Senate.

Do not ask us to participate in yet another committee. As long as there is no willingness to appoint more senators to help us in our parliamentary tasks, we will not be able to accept any additional workload.

So I tell honourable Senator Hébert: "Have it your way, create your committee and hold hearings throughout Canada; however, your committee could very well be made up of Liberal senators only".

At the same time, you will take away from standing committees of the Senate all of their significance and credibility.

It would mean that the Committee on Legal and Constitutional Affairs would only be asked to consider legislation. For anything else, a special committee would be set up, a senator would be empowered to build his own little empire and conduct a year-long study of a problem which a regular committee could examine.

I am trying to be fair. I have nothing against Senator Hébert being allowed to set up a committee on youth. On the contrary, if he wants a committee, he can have it. I am only saying that such a committee would entail expenditures and I stress once again all the reasons I gave a while ago.

Honourable senators, I think we could at least wait for the Minister of State for Youth to set up the structure of her department and put forward policies for young people.

Afterwards, if we can help in some way or other, we will offer our assistance. Let the Minister of State for Youth first establish her department, hire experts and appoint her officials. Let her introduce her policies for youth on behalf of the government.

Even if we provided every solution to help young people find jobs, if the government fails to act upon our recommendations, all our work will be of no avail.

I would rather wait until the minister has developed her policies, and then we would see how the Senate could be of help with its own proposals.

[*English*]

Hon. John M. Godfrey: May I ask the honourable senator a question? He says that the reports of Senate committees have not been acted upon. Is it not true that the manpower study of the National Finance Committee brought in 56 recommendations, of which the government accepted 52? Did not the study and report of the Science Policy Committee result in the formation of the Ministry of Science? Senator Croll provided statistics to show how many recommendations of the Special Senate Committee on Poverty in Canada had been accepted. Did not the Joint Committee of the Senate and House of Commons on Immigration Policy result in a completely new Immigration Act? Is it not true that the committees have been very useful in the past?

Senator Asselin: What about the Committee on the Constitution in 1972, and what about the committee dealing with Bill C-60? Nothing happened.

Hon. H. A. Olson (Leader of the Government): If Senator Asselin is saying that the minister is now busy setting up a division to deal with the problems of youth, would he not like the Senate to have some input into that, and is this not the best way of getting the Senate involved? I do not understand why the honourable senator wants to resist the Senate's getting involved and being helpful in that situation, when it is in its formative stages.

• (2110)

[*Translation*]

Senator Asselin: I think that the minister did not understand. We can prevent duplication in the same field, we ought to be careful not to spend taxpayers' money unadvisedly. We are going to examine the same problems which the minister will be considering—finding jobs for young people. What more do we need?

Hon. Joseph-Phillippe Guay: The reason is that the Senate committees are better!

Hon. Jacques Flynn (Leader of the Opposition): Senator Guay wants to sit on that committee.

Hon. Jacques Hébert: Honourable senators, I listened attentively to Senator Asselin. I have to say that I share his reservations. I understand the problems raised about his party. What I find difficult to believe, however, is that he is unable to find in his party a few senators who, like me, think that this problem is not like the others. We are talking about a whole generation being lost. We often raise very serious problems here. It is our duty to put forward those problems that are of concern to us but that one is more serious than others.

I know that most of you still have young children or grandchildren. Many of you have lived personally the tragedy of youth in the eighties. If the problem is so serious, I cannot and will not believe that Senator Asselin's party will not be able to find a few senators who will make a fantastic effort to sit on this committee. As Guynemer said: "Human strength has limits beyond which one must always go . . . in exceptional circumstances". This is one of them.

Senator Asselin is right when he says that one important answer to the problem would be to provide jobs for the 650,000 young jobless. Senator Asselin knows as well as I do that this government or any other, despite its best efforts, cannot find 650,000 jobs overnight for our unemployed youth. We are just coming out of a recession. It is still with us though. Job opportunities for youth are still few. I am sure that Senator Asselin will agree that a miracle cannot happen in this area. I want to remind him as well that unemployment is not the only problem facing young people. I disagree with the honourable senator when he says: Let us find them a job and all their problems will be solved.

Senator Asselin: Some of their problems.

Senator Hébert: I am sorry, it is not true, this is not good enough. I agree that it would solve at least some of their problems. However, it is not the only cause for our young people's helplessness, as Senator Asselin is well aware. I read in a paper a few days ago that according to a survey made in the United States—very often, by the way, our surveys come to the same conclusions as theirs—30 per cent of young Americans are convinced that a nuclear war will break out in the coming years. They may be wrong, I hope so. The fact of the matter is that they are sure of it, and young Canadians feel the same. When you start in life at 20 expecting a nuclear slaughter, it is not a fear we had when we were young.

Drug problems are not entirely due to unemployment. They cannot be, because they start in school. Today, we find young people in elementary and high schools, even in the remotest areas, who are destroying themselves with drugs. These youngsters surely are not unemployed. There must be a way of

knowing why. Read current issues of *La Presse,* Senator Asselin. How come there are so many—

Senator Asselin: I rise on a point of order. Senator Hébert is straying from the subject. He will not convince me that there does not exist a drug problem among our young people. He will not convince me that there are no other problems either. The major problem he would like to curtail is unemployment. What he is saying is completely irrelevant. He should not try to make me feel sorry about drug problems, because I know as much about that as he does. I have been practising law for close to thirty years now. I have seen all those problems and I am still aware of them every day. Honourable Senator Hébert should keep to the terms of reference of the committee, then I will be with him. I am not impressed by him when he wanders from the subject.

Senator Hébert: I do not think that I am wandering from the subject; in fact, I have the motion before me. It asks us to examine the problems and the difficulties of young Canadians under 25. I should point out that Senator Asselin has emphasized the problem of unemployment. I am simply trying to tell him that this is not the only problem.

Senator Asselin has been very kind to me, probably because my appointment to the Senate is quite recent. He suggested that my ambition was not to create for myself an empire, as others apparently have done. He is right; I am not trying to create an empire for myself. He was very kind to say that I am something of an expert on youth problems. This was very kind of him, but it is inaccurate. While it is true that I have devoted myself or a great part of my energies to young people during the last thirteen years, I still feel ignorant and overwhelmed by the complexity of young people's problems in the 1980's.

This is why I would have hoped that a committee like this one could be made up of senators from both sides of the house who share my special concern about this problem and that, by working seriously on this matter, this committee could fuel the imagination of 25 million Canadians. I do not believe that we cannot, through a serious effort on our part, find solutions which could be of use to the Minister for Youth and which would in addition give new hope to young Canadians. It is our duty, honourable senators, not only to say that the existing committee could deal with this issue, and I do not deny that it could, but in view of the present situation and the anguish of young people today, we have to do better and show them that the Senate is really concerned and will deal with their problems. It is not enough to say that we shall deal with this issue in the ordinary way. In view of the seriousness of the situation, we must say that we shall deal with it in an extraordinary way by creating a special committee. This perception of our concern for them would give some hope to our young people.

Hon. Philip Deane Gigantes: Honourable senators, if I understand correctly, Senator Asselin is saying that there is a Department of Youth and a Minister of State for Youth. Having a Senate committee examine the same subject would therefore be a duplication. On the basis of that argument, all Senate committees should be abolished because we do have ministers to look after the issues considered by those committees. Or perhaps I fail to see the logic.

Senator Asselin: You will understand some day.

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

Hon. Senators: No.

Hon. Senators: Yes.

The Hon. the Speaker: In my opinion, the nays have it.

Motion in amendment negatived, on division.

Motion agreed to.

• (2120)

[*English*]

Hon. Jack Marshall: Honourable senators, with respect to this point, I would like to ask the Deputy Leader of the Government a question. At a meeting of the Standing Rules and Orders Committee a few weeks ago it was decided that the subject of youth affairs should be dealt with by the Social Affairs, Science and Technology Committee. If the honourable senator is not playing around with this chamber because of the position he has then is it reasonable to assume that the motion should be referred to the social affairs committee? Is he making a mockery of this place again, something which he has been doing since I came here? He could not care less what is going on.

An Hon. Senator: You are out of order.

Senator Marshall: Why don't you abolish the place? You are a phoney!

Hon. H. A. Olson (Leader of the Government): Honourable senators, the question has been addressed to the Deputy Leader or the House Leader of this place. The preamble to the question is absolutely unacceptable.

Senator Marshall: I do not care what it is.

Senator Olson: That is fine.

Senator Marshall: You have no idea of responsibility. You have given up. You are subservient to the PMO. You could not care less—it is a shame to the people of Canada.

Senator Olson: I want Senator Marshall to know that these tricks he tries once in awhile are not acceptable on any grounds. It is not proper to ask the House Leader or the Deputy Leader on this side a question based on the type of preamble he has made.

Senator Marshall: You are making a mockery of this place.

Senator Olson: That is not a mockery.

Senator Marshall: Of course it is.

THE BUDGET SPEECH

PROPOSALS BY MINISTER OF FINANCE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the proposals contained in the Budget Speech made by the Minister of Finance in the other place on 15th February, 1984.—(*Honourable Senator Anderson*)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, at the last sitting of the house I mistakenly asked that this order stand in the name of Senator Anderson instead of Senator Cottreau. I did that because I misread the number of the order. I ask that the order stand again in the name of Senator Cottreau.

Order stands.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if I am right, all orders to No. 10 stand.

Hon. Jack Marshall: What about order No. 8? What do you propose to do with respect to a special committee on fisheries? You're a phoney!

Senator Frith: Honourable senators, as I said, I expect all other orders stand.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Flynn P.C.*)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I moved the adjournment of this debate for a senator whose name I would eventually make known. I am pleased to inform the Senate that he is Senator Arthur Tremblay.

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

Hon. Senators: Agreed.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I regret having to lengthen the sitting this evening by almost half an hour, when it could have been plain sailing through the orders of the day if we had followed the suggestion of Senator Flynn. However, I should explain why I have to lay this burden on you this evening. In the past three or four sittings, as agreed with my leader, I was supposed to speak on the reform of the Senate, but every time the lively debates, the significant problems discussed and the exchanges which sometimes ran high caused us to extend the sitting hours, thus testing the strength of the members of this House.

I therefore apologize for having to ask you to sit an additional half hour to reflect, hopefully, on my comments regarding the report of the Special Joint Committee on Senate Reform.

Since Senator Molgat tabled the report and gave us a broad as well as concise, specific and unbiased outline—for which I thank him—several senators have taken part in the debate. Indeed, I think that six senators have done so. I can assure you that we have noted some differences in their style, but what struck me, and was perhaps to be expected, but I must admit that I did not expect it, is that all those statements concurred on one point. They unanimously reject the main recommendation of the committee that Canadians should directly elect their representatives to the Senate.

• (2130)

On other points, however, they were far from being unanimous. For example, on the necessity of Senate reform, what should be the shape of that reform? A few speakers made quick and incidental allusions to it in the course of their remarks. However, they did so in such general terms that one could not have a clear idea of the thrust of that reform. Others did not even mention their views on the matter.

Regarding this very general concept as to whether there should be Senate reform, Senator Steuart was the only one to provide particular suggestions.

It is certainly not my intention to pass judgment on the relevance of the remarks made by those who spoke before me or to question the legitimacy of their remarks. My intention is rather to inscribe into our debate a pragmatic approach, a willingness on the part of members of this House to take concrete action.

It seems to me that the Senate could and should initiate, on its own and as soon as possible, the process leading to its own reform. It is in that perspective that I would like to analyse the report of the Special Joint Committee on Senate Reform.

From this point of view, the proposals made in the seventh and last chapter of this report obviously have priority over more radical and necessarily longer term recommendations made in the previous chapters.

Indeed, the members of the committee are using the same perspective in the following quotations taken from the beginning of this chapter which is devoted to more immediately visible reforms.

Having stated that "... putting in place an elected Senate will require constitutional amendment involving the consent of Parliament and of the specified number of legislative assemblies ..." they add:

> All this will take time. Meanwhile, certain useful reforms to the present Senate, requiring action only by Parliament or by the Senate itself, should be introduced without delay.

They even go further and state:

> Nevertheless, in the interval before an elected Senate could be put in place, the operation of the reformed chamber would provide the basis for assessing how much

more effective an appointed Senate could be and whether our judgment that direct election is necessary is justified.

In other words, the implementation of the Committee's main conclusion, namely, "that the Canadian Senate should be elected directly by the people of Canada", for the report itself is to some extent dependent upon the results which the recommendations contained in the 7th chapter and others of the same kind could bring about in the light of the proposed objectives of this reform:

Our primary objective . . . I borrow at random from the report; instead of reading complete texts and quotations, I will summarize, and I hope you will know from the tone of my voice when I am quoting and when I am not.

> Our primary objective is to strengthen the Senate's capacity to fill its role of regional representation.

To this end . . .

> —any reform should ensure that senators have more political authority and a measure of independence from party discipline.

Second objective:

> Preserve and strengthen the Senate's capacity to improve the quality of legislation and to investigate questions of public policy and administration.

Third objective:

> Preserve and strengthen the investigative role of nation-wide issues, a role which the Senate has quite successfully assumed so far.

What are the reforms which can be implemented in the immediate future, thereby demonstrating how an elected Senate could be more efficient and whether, in a final analysis, direct election is necessary? The Committee mentions more than 10 of them; I shall limit myself to four: the selection of senators and their tenure; the powers of the Senate; and the internal organization of the Senate.

As to the selection of senators, senators are appointed by the Governor General, according to Clause 24 of the British North America Act, 1867, which reads as follows:

> The Governor General shall from time to time, in the Queen's Name, by instrument under the Great Seal of Canada, summon qualified Persons to the Senate.

In that matter as in many others, however, under the established conventions, the Governor General acts only after having taken the advice of the Privy Council and according to this advice, which means for all practical purposes that He summons to the Senate exclusively the persons the Prime Minister wishes to be appointed.

Now with only a few exceptions the Prime Minister recommends the appointment to the Senate only of persons clearly identified with his own political group.

No wonder then that the method of selection of senators has been the subject of the greatest criticisms before the committee. Some witnesses did not see anything wrong with the principle of appointment; it is its present application which, according to them, is open to abuse.

[Senator Tremblay.]

While recognizing the accuracy of such an observation, most members of the committee "do not believe that the alternative methods suggested in recent years would bring about any fundamental change". So the committee recommends to "retain the present method of selection until a system of direct election is put in place, but that it be used in a way that befits what we expect will be a more effective second chamber of Parliament".

When I read again the committee's report, I was somewhat disappointed that they did not go as far as I would have liked in trying to improve things in that area. However, the committee mentions three ways for the Prime Minister to exercise his prerogative in that respect.

First, the present composition of the Senate does not represent the social and cultural structure of Canada adequately. This is unacceptable. In filling the present vacancies, priority, in the committee's opinion, should be given to correcting this deficiency through the appointment of women, members of aboriginal groups, and members of cultural minorities.

Second, according to the committee, the Senate cannot perform in the manner intended by the Fathers of Confederation when the balance of representation between political parties at the national level diverges as sharply as it does today from current voting patterns. That is why they urge that new appointments correct this distortion.

Had not the committee's report been tabled at the end of January only, one could have believed that the Prime Minister acted in the appointments he made in mid-January, on the first suggestion dealing with a better representation for women, aboriginal groups and cultural minorities. But he obviously did not act on the second suggestion as far as providing a better balance in the distribution of seats among the parties, with the result that the situation is now as follows: 64 Liberals, 23 Progressive Conservatives, 4 Independents, and one Independent Liberal.

What about the 12 remaining vacancies? As for us, in the Opposition, the best we could wish for under the circumstances is probably that nothing happens before the next election. So, I will not insist on the third proposal, quite justified in principle, to the effect that every vacancy in the Senate must be filled within a six-month period. In this regard, however, the suggestions of the Committee concerning the length of the term for which senators would be appointed is not without interest.

The Committee wondered about the possibility of applying as of now to the new appointments the nine year term proposed for elected senators in accordance with the single member plurality system. This is how the constitutional problem should be analysed as a result of this proposal and the conclusion to be drawn:

> The introduction of a fixed term would require an amendment to the Constitution. It is almost certain, however, that a nine-year term would not require the use of the general procedure of amendment, which brings provincial parliaments into play, because neither the Senate powers nor the selection method of the senators

would be involved. The amendment would therefore be the responsibility of the Parliament, according to Clause 44 of the Constitutional Act of 1982. The Supreme Court could decide that a much shorter term than nine years would not be long enough for the senators to properly undertake any legislative review and would therefore be an abuse of the Senate's powers, demanding therefore the provinces' consent . . . But a single nine year term should not create any problem in that respect.

Personally, I am not convinced that this conclusion is absolutely irrefutable, but let us accept the Committee conclusion, at least for the time being. If it is well justified and irrefutable, the proposal made in the Fall of 1980 by the Lamontagne Committee, as it was called at that time—should we say for this part of the report, the Stanbury Committee, because if my memory serves me well, it is the Honourable Senator Stanbury who was the main architect of this part of the report.

Everybody is talking about the Lamontagne Committee. The proposal that committee made in the Fall of 1980 precisely on the terms of reference of the senators would be even less unquestionable. The committee report submits three recommendations on that matter if I may be allowed to remind the Senate:

First, senators should be appointed for a fixed term of ten years, renewable for further terms of five years upon the recommendation arrived at by secret ballot of a Senate committee set up for that purpose. Senators would continue to retire at 75.

Second, any senator who has attained the age of 65 years and has been serving for at least fifteen years (or who has attained the age of 70 years and has been a senator for at least ten years) should be entitled to resign, on full pension, with the usual pension for his or her widow or widower. (Similar provisions for judges are contained in the *Judges Act*).

By the way, the committee notes that the Judges act contains similar provisions.

Third, any senator who fails for two successive years to attend at least one-third of the sittings of the Senate in each of those years should forfeit his or her seat.

Perhaps that is something to be whispered.

This would replace the present section 31.1 of the British North America Act, under which the seat is forfeited if the senator fails to give any attendance whatever for two consecutive sessions.

As for the powers of the Senate, the Constitutional Law of 1982 is explicit. Any formal change to the powers of the Senate can only be made through the general amendment process and thus requires provincial participation.

To overcome that difficulty and proceed right away from an absolute to the suspensive veto that it is proposing for an elected Senate, the committee suggests a very ingenious procedure. Without formally lessening its constitutional powers, the Senate could adopt a procedure by which, practically, the use of the absolute veto would be equivalent to a suspensive veto. In this regard, the report contains a long description of the procedure and I will not elaborate on this part of the report.

With the same intent of extending the role of the Senate, without a constitutional change of its powers, another measure could, according to the Committee, be implemented immediately. This measure would give the Senate the power to delay the adoption of measures.

The Standing Joint Committee, in its 1980 report, also mentioned this possibility referring to the Standing Committee on Regulations and other Statutory Instruments, which at the time, in the Fall of 1980, had just tabled its Fourth Report.

I will not go into details, but I would like to mention that already Senator Godfrey has tabled two motions which clearly relate to this recommendation of the Committee on Senate Reform, the importance of which can be judged in light of the huge amount of major legislation which is passed by regulation and other regulatory documents by the Governor in Council by authority conferred on him by Parliament.

Fourth, regarding the internal organization of the Senate, the Committee proposes first that: The Speaker of the Senate should no longer be chosen by the Governor General . . . That is to say, by the Prime Minister. . . . rather, he should be elected by the senators themselves, just as the government or opposition leaders in the Senate should elect their own officers.

All senators of one province should meet in cross-party caucuses. Participation in such caucuses should not prevent senators from attending traditional party caucuses.

The Senate should continue exercising its investigatory power. It should, in particular, investigate inter-regional matters. Its main function, in the future, should be representing the regions.

Let us remember, by the way, that the Lamontagne Report tackled the same problems and went further and more explicitly in the same direction. In particular, it said:

We recommend the establishment—

Here is one for you, Senator Asselin:

—of a new Standing Committee on Regional Affairs.

Hon. Martial Asselin: Another one!

Senator Tremblay:

—The chairmen of the regional caucuses would form the nucleus of this committee—

Senator Asselin: We will need 200 senators.

Senator Tremblay: Or will have to change the nomination process.

The commitee's mandate would be to receive reports from the regional caucuses; to identify regional problems and to recommend the best means for dealing with them; to inform provincial governments of federal bills that might affect regional interests, and to invite them to present their views to this committee and to other appropriate committees of the Senate.

That was formulated in 1980. It seems to me that since then, events have occurred which confirm that, in the perception of a greater number of provinces at least—and even perhaps of the general public—the representation of regional interests by the Senate is a reality which begins to establish itself. I shall refer to only two incidents. Let us remember what happened in the case of Bill S-31.

I think the Senate was, on that occasion, the instrument which made it possible to at least express regional interests. In the face of the difficulty in harmonizing the perception of the central authority and the perceptions which some provinces could have on that Bill, it was in fact hoisted.

We did not exercise the right of absolute or suspensive veto. Only the fact that the Senate, in the circumstances, was an adequate forum, made it possible for public opinion to structure itself in such a way that the government took it into consideration.

The second incident occurred last week with respect to Bill C-3. Seeing the way things had evolved in the previous months, noting that the mode of consultation of the federal Minister of Health did not allow them to express collectively their views in an adequate way on Bill C-3, the Ministers of Health, on the invitation of the committee chaired by Senator Bonnell put forward their view before the Senate. The House of Commons had not offered them an adequate forum. The Senate served that purpose. We do not know to what extent the Senate itself will be aware, in such specific circumstances, of the chance it has to be involved significantly in the federal legislative process, as a place, a forum and a mediator of regional interests when it is not even possible to express them adequately within the House of Commons.

• (2140)

[*English*]

Hon. Peter Bosa: Would the honourable senator permit a question?

Hon. Duff Roblin (Deputy Leader of the Opposition): Wait until he has finished.

[*Translation*]

Senator Tremblay: I am available for any question Senator Bosa might wish to ask, even difficult questions. I only need a few more minutes. I am asking him to be patient and I will welcome his questions later on.

Briefly, that is the type of reform proposed by the committee for the short term, with the initiative coming either from the Senate, from the Canadian Parliament, from the Prime Minister or from senators themselves and their political parties.

Assuming that is done and the only thing left for the longer term is implementing recommendations regarding the number of seats for each region and the way of electing senators or the formula asking for a double majority of francophone senators and of the whole Senate to pass language legislation, how could we assess the new situation resulting from these short term reforms?

[Senator Tremblay.]

It will surely be said that all these reforms are not the real reform which would alter radically the situation and would restore in the public the image of the Canadian Senate.

I readily admit such an assessment is justified. However, we should not underestimate the importance of the nine-year non-renewable mandate proposed by the committee for senators to be nominated in the future, or alternatively the ten-year mandate renewable for five years with the recommendation of the Senate itself proposed by the Lamontagne committee. I don't have the mandate to interpret Mr. Trudeau's ideas and I have never asked for such a mandate.

Senator Asselin: You can interpret Mr. Trudeau's ideas!

Senator Tremblay: I will read the document. We will accept it with all due respect as far as its substance is concerned but not necessarily its origin. I feel that such a change in the term or duration of a senator's mandate will alter the whole dynamics of this chamber. That would really be a very significant change.

In any event, the obviously necessary changes in the number of Senate seats and their distribution between all regions of Canada will have to be part of the real in depth reform of the Senate. Let us say that it might go as far as an elected Senate, a proposal which I endorse in the report. This agreement on an elected Senate would have to fit into the development I have just described. Constitutional amendments adopted after lengthy and difficult negotiations between governments would be necessary. But I do not think these negotiations can be undertaken in the near future. The present situation and developments in the next two or three years must be taken into account. At the federal level, 1984 will certainly be taken up by things quite different from major constitutional amendments and perhaps more fundamental and meaningful for the future of our country. The same can be said for 1985. In 1986, the same kind of activity will take place in Quebec, a province that still refuses to acknowledge, because of the way it was done, the legitimacy of the Constitutional patriation. Constitutional conferences are already planned up to 1987 on aboriginal rights.

Judging by the outcome of the last conference on the entrenchment of those rights in the Constitution, I get the impression that we will need all the conferences planned until 1987 to solve that problem, even if the Senate does set up a special committee as proposed by Senator Watt.

Senator Asselin: The Government will not agree to that.

Senator Tremblay: Even then, I tend to think that there will not be too many conferences up to 1987 to solve the main problems, let alone all the minor ones, relating to aboriginal rights.

Given those circumstances, it is my opinion, unless this delightfully academic debate on an elected Senate is used as an alibi to maintain the status quo as long as possible, that there is no other solution but to tackle Senate reform with more modest but more realistic objectives in mind. It has not even been mentioned.

Studies and reports on Senate reform have been numerous enough over the years, but nothing has changed, except perhaps minor things.

For my part, I would hate to see this report meet with the same fate as the previous ones, especially since the joint committee was aware of this possibility and tried to head it off by suggesting many reform measures that could be implemented immediately.

Thus, since everyone seems to agree, for instance, on the need for the Senate to be more representative of regional interests and to try to harmonize them in areas of federal jurisdiction, why not set up right now the regional caucuses suggested by the joint committee? Why can't we give the right emphasis to the work of these caucuses by channeling it to a Standing Senate Committee on Regional Affairs which was proposed by the Lamontagne committee as early as the autumn of 1980?

I know that in the climate that we have had in the past few days, there in a proliferation of committees. The simple suggestion that there be a Standing Committee on Regional Affairs—this recommendation was made in 1980 in a climate of suspicion and no action followed—but I will come back to that later on in my conclusion, when I talk of my intentions.

Senator Asselin: That was a joint committee.

Senator Tremblay: Now, not wanting to underestimate the "unlike the others" nature of the issue that Senator Hébert was emphasizing in relation with the problems of our young people, the Senate's basic vocation from the beginning was to represent the regions and it has failed to follow it through the years. It has been recognized by all and the committee chaired by Senator Molgat has somehow revived it and put it back in its true perspective. This major function of the Senate expresses itself better in the setting up of a committee reflecting that non-sectorial dimension that is clearly intersectorial at the level of each of the regions. This is a problem fundamental to the exercise of federalism in this country.

When sector-based federal departments extend their activity into the regions, into the very communities, they inevitably meet in the process with the problem of some sort of regional standardization or harmonization; one thinks, for instance, of regions such as the province of Quebec. I believe that the Senate could play its role much more adequately when all these committees will define their sectorial functions, except the managing committees and the general committees of the Senate, and establish a standing committee on regional affairs. Regionalization does not simply mean distribution among the regions, but also, basically, globalization within each region, and this needs special consideration.

On this point, as on the others mentioned by the joint committee in the seventh chapter of its report, I believe that immediate action is possible without waiting for a decision to be made about the more fundamental issue of an elected Senate and the other questions for which we shall have to use the general procedure for constitutional amendments.

This is why, honourable senators, I hope that the Senate, as I said earlier, will itself decide, and this as soon as possible, to initiate the process of its own reform.

Within the next few weeks, in the light of the contributions to the debate which I am sure will follow this one, I intend to move various motions that will allow this house to follow the route the joint committee is suggesting, and express our opinion on each and every reform readily practicable, not strictly in private, as Senator Le Moyne would have wanted it in his comments, but quite to the contrary, in the most visible way possible, to make people aware of that effort. The spectacle of an empty press gallery is always a little disappointing for us senators.

If, by any chance, during that exercise, we manage to agree among ourselves to reform our own institution, let us make it known.

On motion of Senator Leblanc, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 434*)

SENATE REFORM

RESPONSE OF GOVERNMENT TO REPORT OF SPECIAL JOINT COMMITTEE

Ottawa, K1A 0A2
April 10, 1984

The Honourable Paul Cosgrove,
House of Commons,
Ottawa, Ontario
K1A 0AG

Dear Mr. Cosgrove:

In its report to Parliament tabled on January 31, 1984, the Special Joint Committee on Senate Reform requested a comprehensive response from the government, in accordance with House of Commons Standing Order 69(13). I am pleased to provide that response.

Before turning to the report, I would like to express, on behalf of the government, my appreciation for the excellent work that you, your fellow co-chairman and the other members of the Committee have accomplished. Your Committee's activities have contributed significantly to greater public awareness of the need for Senate reform and have stimulated wide public debate on the issue. Your decision to travel to the provincial and territorial capitals helped focus attention on the seriousness of your task and enabled Canadians in many parts of the country to come forward and express their views on Senate reform.

I would like to express my special appreciation for the role you played as chairman in helping to obtain a consensus within the Committee on the proposals for Senate reform. In just over six months, your Committee heard many witnesses, studied the options, and reached the conclusions in your report. This would be a most noteworthy achievement in any circumstances. It is all the more impressive since the report is supported by both a bipartisan and a bicameral consensus.

I also wish to commend you and the rest of the Committee for the quality of the report itself, and for your analysis of the reasons and options for Senate reform. Your report provides a thorough yet concise presentation of the issues involved; your recommendations for change stand out clearly within that context. I am aware that others have already praised these qualities in your report, and I can only echo the congratulations you have already received.

The Government of Canada believes the Committee's report contains a useful set of proposals on which a fruitful public debate might be based. I am therefore pleased to inform you that the government intends to use the report as a whole as its working document on Senate reform for future consultations with provincial governments, interested groups and individual Canadians. While various elements of your report will require further study and discussion by this government and others, the government considers that the report as a whole provides an appropriate basis on which consultations might now proceed.

Beyond this general response to your Committee, the government wishes to comment on some of your principal recommendations. First of all, I would like to refer to the report's discussion of how members of the reformed Senate should be selected. After a thoughtful evaluation of the other possible methods of selection, your Committee concluded that only direct election of the Senate would meet the Committee's objectives for Senate reform. I was very interested in the reasoning that led to that decision, and your key conclusion that only an elected Senate can now satisfy the original intent of the Fathers of Confederation.

I think your recommendation for an elected Senate should be understood in relation to your strong recommendation that the reformed Senate's primary role should be regional representation. Your Committee has expressed concern about the tensions our country has experienced in the last decade and about the emergence of regional pressures that, in the words of your report, "have become particularly acute." It is in order to remedy this problem that you have recommended that the second chamber of our national legislature should be employed, as in other federations, for the purpose of regional representation, in order to strengthen the ability of Parliament to speak and act on behalf of people from all regions of the country. The government accepts both your assessment of the problem and your recommendation that the primary role of the Senate should therefore be in the area of regional representation.

The government believes your Committee was correct to conclude that the legitimacy and authority of the Senate are central to our consideration of Senate reform. Your report suggested that the principle of election is best suited to confer upon senators the legitimacy necessary to speak on behalf of their regions and thereby to strengthen the authority of Parliament as a whole. The importance of election for this purpose was endorsed by the testimony of many witnesses before your Committee and by the opinion research available to you. The Government of Canada, for its part, will assess carefully the reactions of provincial governments and individual Canadians to the Committee's endorsement of direct election as it undertakes its own process of consultations.

Although many of the witnesses before your committee who advocated an elected Senate also recommended that it should be based on some form of proportional representation, the Committee has concluded that the reformed Senate should be chosen instead according to the first- past-the-post system now used for the House of Commons. The reasons for your rejection of proportional representation deserve attention, but the government is concerned that in the absence of some provision for proportional representation, your proposal for an elected Senate might well compound the very problem of regional polarization that your report argues Senate reform should help to solve. The government is of the view, therefore, that ongoing discussions of Senate reform should also include further study of the potential advantages and disadvantages of the various electoral systems that might be considered for an elected Senate.

Your report states that in addition to the primary function of regional representation, the Senate should continue to undertake the two complementary functions of investigation and the improvement of legislation. The government concurs with the Committee's view and believes the Senate has a great deal to contribute in these two areas, as its work over the years has clearly shown.

The government is aware that any proposal for Senate reform should take account of what might be the future relation between the Senate and the House of Commons on the one hand, and between the Senate and the government on the other. The government therefore endorses the Committee's recommendations that the reformed Senate should not be able to "undermine Canada's well-tried system of responsible government" and that the House of Commons should continue to be the "pre-eminent chamber in Parliament". The Government of Canada is of the view that significant reform of the second chamber can enhance the authority of Parliament as a whole to speak and act on behalf of Canadians in all parts of the country, while allowing the guiding principles of our system of responsible parliamentary government to remain firm. Nevertheless, the government believes a great deal more attention must be given to the functioning of a reformed Senate as a integral part of an effective Parliament and, more generally, to its future position within our system of government as a whole. We will also need to give further consideration to the many additional details of Senate reform, a number of which were covered in your report.

Your Committee has concluded, for example, that, "while the less populous provinces merit a stronger voice in Parliament, equal representation in the Senate would tilt the balance too far and would be unacceptable to the vast majority of Canadians, not only to those living in the two largest provinces". Your report's proposed seat distribution represents an interesting compromise that deserves serious consideration. The government agrees with the Committee's suggestion that any revised seat distribution should substantially increase the proportion of seats allotted to Western Canada. The government will particularly welcome provincial governments' reactions to the Committee's proposed seat distribution.

The government appreciates the Committee's interest in ensuring the reformed Senate would be able "to help protect Canada's French-speaking minority". As your report points out, such protection was one of the original purposes of the Senate and was thus an integral part of the agreement that led to Confederation. Your report suggests that a double majority on linguistic matters might be one way of enhancing the Senate's role as the guardian of interests which may sometimes need protection against "actions taken in the name of the majority of the population, as represented by the House of Commons". In the government's view, the Committee's suggestion is an interesting one that should be assessed along with other means for assuring the linguistic and cultural rights and aspirations of French-speaking Canadians.

The Committee has concluded that Senators should not be eligible for appointment to Cabinet. Other proposals for Senate reform have contained divergent views on this matter, and there are reasonable arguments both for and against Senators holding Cabinet office. This is another matter to which the government will be giving careful consideration in the context of intergovernmental and public discussion of Senate reform. The government is concerned about the potential consequences of your proposed nine-year non-renewable term and will wish to bear in mind reaction to that proposal as part of its own consideration of the appropriate tenure for members of the reformed Senate.

Chapter 7 of your report suggests that a nine-year non-renewable term and a suspensive veto procedure could be instituted through amendments that would be within the authority of Parliament under section 44 of the *Constitution Act, 1982*. The arguments advanced for those two proposed changes deserve examination, but the government notes that earlier in its report the Committee stated that a reformed appointed Senate would not have the mandate to be an effective forum for regional representation. The government will wish to consider whether there is any contradiction between these two recommendations. It will also wish to consider whether some of the short-term reforms suggested might jeopardize fundamental Senate reform. For example, if some provincial governments took the position that their role in implementing Senate reform was being circumscribed by such steps, the process for achieving more fundamental reform might become more complicated and take more time.

In conclusion, I would like to refer to your Committee's efforts at involving provincial governments in your work. As your report points out, under the amending formula a wide measure of provincial agreement will be necessary before significant reform of the Senate can be achieved. By inviting the provincial governments to be a key part of the consultations you have completed, you encouraged them to focus on the important issues at stake and to begin to develop their own positions on Senate reform. That development is one of your Committee's most noteworthy accomplishments, and has

helped us make a good beginning on the reform of national institutions. The government firmly intends to build on that beginning through the discussions it will now undertake on the basis of your report. I am very confident that the interest and good will your work has engendered will be carried forward as we advance the debate on Senate reform and move towards its achievement.

Yours sincerely,

P. E. TRUDEAU

THE SENATE

Wednesday, April 11, 1984

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

Prayers.

HEALTH SERVICES

REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE ON SUBJECT MATTER OF BILL C-3 TABLED

Hon. M. Lorne Bonnell: Honourable senators, as Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, I have the honour to table the second report of the Standing Senate Committee on Social Affairs, Science and Technology. 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 form part of the permanent record of this house.

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

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the committee is reporting on the subject matter of Bill C-3. According to the Orders of the Day, Senator Hébert will move second reading later this day. Since it would be helpful for honourable senators to know what is in the report, I suggest that rather than having the Clerk read it to us, the chairman read it. He may wish to comment as he goes along. This practice was followed by Senator Hayden as Chairman of the Banking, Trade and Commerce Committee in similar circumstances. Dealing with the bill without knowing the views expressed by the committee is not normal.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, that is a very reasonable suggestion. As Senator Flynn has said, Senator Hayden followed this informal practice on reports of the Banking, Trade and Commerce Committee. Although the practice is not strictly according to the rules, it has been useful to us in the past, and we can do anything we want, with leave. The practice is particularly relevant today for the reason expressed by Senator Flynn, that we are going to start second reading debate later this day. I suggest that we grant that leave and ask the Chairman of the Committee to read the report and make any comments he wishes as he goes along.

Senator Bonnell: Honourable senators, with leave I shall read the report and then make some comments on it.

1. This committee was authorized to examine and consider the subject matter of Bill C-3 in the Order of Reference from the Senate of March 20, 1984. The bill had received first and second readings in the House of Commons on December 12, 1983 and January 20, 1984, respectively. At the time the bill was referred to this committee it had been the subject of considerable testimony in the course of its clause-by-clause study by the Standing Committee of Health, Welfare and Social Affairs of the House of Commons.

2. Bill C-3 is entitled "An Act relating to cash contributions by Canada in respect of insured health services under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof." Its short title is the Canada Health Act. The long title is more appropriate. The bill would consolidate and replace legislation contained in the existing Health Insurance and Diagnostic Services Act and the Medical Care Act. It would change the present law by imposing penalties, as specified in the bill, on provinces which permit extra billing by doctors and user charges for hospital services. It would also allow the federal government, after discussion with the affected provincial governments, to impose penalties on provinces which otherwise did not comply with the five principles of medicare: public administration, comprehensiveness, universality, portability and accessibility.

3. In fulfilling the terms of its Order of Reference the committee has held eight days of hearings and has heard some 25 witnesses. These witnesses have represented major groups concerned with health care: providers, consumers, policy analysts and governments. With respect to the last group, we were fortunate to have before us the health ministers, or their representatives, of all provinces and the Yukon Territory. The committee has also reviewed the testimony regarding the bill received by the health committee of the House of Commons.

4. Our hearings and submissions have been characterized by a diversity of opinion. Some contend that extra billing and user charges do not constitute a problem. Others strongly support federal legislation to eliminate these practices. Most, if not all, provinces would prefer to deal with the issues themselves without federal legislation.

5. For some, the bill does not go far enough in dealing with problems which they fear will arise from the imposition of penalties. The medical profession, for example, would have the bill ensure their right to binding arbitration once a province has banned extra billing. The provinces claim that this is not a matter for federal legislation, and that the bill, in simply setting out a model for this type of negotiation between doctors and provinces, goes too far.

6. Groups representing interns and residents argue that the bill should protect their right to accessibility—their right to practice within the health care system. Others argue that this, too, is a provincial matter.

7. A number of witnesses have applauded the provision regarding health care practitioners. They feel that this will

allow provinces, if they choose, to develop a health care system which is not centred around one type of health care professional, and a narrow view of health care. A number of provinces fear that this will result in an unplanned expansion in comprehensiveness, and that the provisions should not have been introduced without consultation with them.

8. These are just a few examples—and they are far from exhaustive—of the issues which have been debated before us and in many other forums.

9. However, we have also found that witnesses do agree on a number of important points. All believe that Canadians, through their governments, their social institutions and as individuals, must address the issue of developing a comprehensive health care policy, uniform in its standards but suited to the needs of each province. This policy would deal with more fundamental problems than extra-billing and user charges:

—extending present services to patients who suffer from mental disorders, to chronic care patients, and others;

—the more basic issue of broadening and changing the definition of health care to include not only the treatment of illness but care for—attention to—health, through promotion and prevention;

—the issue of how to make the most effective use of all those involved in health care: nurses, dieticians, optometrists, social workers and others, as well as doctors and dentists;

—the problem of regional disparity in the provision of health care;

—the problem of rising costs, and the allocation of costs between the two levels of government.

10. This committee feels that the Senate has an important role to play in this regard. It could provide a forum for all groups to present their ideas, a forum where solutions could begin to be developed.

11. This committee therefore recommends that it be authorized to examine immediately the issues involved in the development of a comprehensive health care policy for Canadians.

All of which, honourable senators, is respectfully submitted.

Hon. Martial Asselin: Now read the report in French.

Senator Bonnell: I cannot do that, but I shall provide you with a copy in French so that you can read it for me.

Honourable senators, let me say that this was a very interesting committee. As I said in the report, we received many views, including those of the provincial ministers of health. One of the things that the ministers agreed to was that, whether or not the Canada Health Bill is passed, they would be prepared to co-operate with a Senate committee in putting together a comprehensive medicare system for Canada. Thereafter, the Senate committee would make recommendations to the Department of National Health and Welfare in favour of a federal-provincial conference. At that conference, the ministers could sit down together with the federal Minister of Health to look at the recommendations of the Senate committee with a view to developing a comprehensive medical care program for all of Canada.

Basically, the Canada Health Bill that we are now looking at takes into consideration the payment of doctors' fees and the payment of hospitalization in an active treatment hospital. However, there are many facets of health care that are not covered under the present health care system such as chronic care, psychiatric care, ambulance fees, optometrist care, chiropractic care and many other things which are really part of the total health package, whether it be preventive or curative. It is these problems that we are recommending should be referred to the Senate Committee on Social Affairs, Science and Technology, and not to a special committee; not to a committee which is not involved in health matters but rather to the appropriate standing committee which could sit this summer to examine these issues in detail.

INTER-PARLIAMENTARY UNION

SEVENTIETH ANNUAL CONFERENCE, SEOUL, KOREA— CORRECTION TO NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, on Wednesday April 5, I gave notice that I would draw the attention of the Senate to the Seventieth Annual Conference of the Inter-Parliamentary Union held at Seoul, Korea. While the *Debates of the Senate* of April 5 at page 424 contains the full text of the Notice of Inquiry, the notice of that inquiry in the *Minutes of the Proceedings of the Senate* is not complete.

Hon. Martial Asselin: Are you referring to today's edition?

Senator Bosa: Yes, today's edition. I would like to add to that Notice of Motion the following:

—and to the delegation's visit to China and their meetings with the officials of that country.

Therefore, the full text of the inquiry would read as follows:

That he will call the attention of the Senate to the Seventieth Annual Conference of the Inter-Parliamentary Union held at Seoul, Korea, 4th to 12th October, 1983 and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada, and to the delegation's visit to China and their meetings with the officials of that country.

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

Hon. Senators: Agreed.

• (1410)

[*Translation*]

EASTER ADJOURNMENT

Hon. Jacques Flynn (Leader of the Opposition): I have a question either for the Leader of the Government or for the Deputy Leader, Senator Frith. I am told that the House of Commons is expected to adjourn next Wednesday. I therefore want to ask the Leader or the Deputy Leader what the plans are for the Senate.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the plans for this week are clear; as far as next week is concerned, we expect to adjourn on Wednesday evening, so that our proceedings will coincide with those in the other place. We hope to have third reading and Royal Assent of Bill C-3 next week. At least, this is our ambition.

Nothing urgent is expected in the meantime, the only possibility being certain budgetary bills which could come from the other place. However, for the moment, there is no bill that can be sent to us before Easter.

What remains to be determined is when we shall reconvene, that is, whether it will be the week after Easter or the week after that. If this question could be discussed this afternoon, between leaders, we could reach a decision and make an official announcement tomorrow. For the time being, however, there seems to be no pressing reason for us to come back the week after the Easter holiday. We can discuss this further this afternoon and advise the honourable senators tomorrow of any definite plans arrived at.

Senator Flynn: As I understand it, the House will not come back the week after Easter.

Senator Frith: No, that is the Easter holiday.

Senator Flynn: I understand that the Easter holiday is from Holy Thursday until early May. The question therefore is whether we shall come back on May 1 or May 8. This is what I want to ask.

Secondly, if I am right about what the Deputy Leader has said, what is expected from the Senate before the Easter adjournment next Wednesday, if we are to adjourn at the same time as the House of Commons, is that Bill C-3 be given second and third readings and receive Royal Assent.

Senator Frith: To be more specific, as the honourable Leader of the Opposition has pointed out, the Easter holiday according to the calendar arranged for the other place calls for an adjournment from April 18 to Monday, April 30. As far as the Senate is concerned this would mean Tuesday, May 1 as a return date. The question is this: Should we come back on May 1 or May 8? That is exactly what we can settle between ourselves and announce officially tomorrow.

Senator Flynn: I understand that, on May 8, the President of Mexico, Mr. de la Madrid, is expected to address both Houses. I therefore imagine that the Senate cannot return any later.

Senator Frith: True enough, and for this reason, the time of the sitting may be two o'clock in the afternoon instead of eight o'clock in the evening.

QUESTION PERIOD

[*Translation*]

LIBERAL PARTY LEADERSHIP

CABINET SOLIDARITY

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government and deals with the cabinet solidarity issue raised yesterday by my leader.

In view of the fact that a number of leadership candidates seem to have abandoned the principle of cabinet solidarity from the very beginning of the leadership campaign, do the ministers involved in this campaign intend to resign from the Cabinet until the Liberal Party convention has elected a new leader, in order to re-establish in the minds of many Canadians the principle of Cabinet solidarity?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I need hardly remind Senator Asselin that allegations of disruptions in cabinet solidarity do not mean that such disruptions, in fact, existed because—

Senator Asselin: Was there not?

Senator Olson: —the opposition, probably every month and every year since I have been in Parliament—and I first entered in 1957—made the allegation that there was some disagreement between ministers on one point or another. The point is clear that the making of an allegation does not necessarily make it so. That has already been explained a number of times. I know of no disputes with respect to decisions that have been made by cabinet. I know that there are some differences of opinion on what—

Senator Asselin: What do you call differences?

Senator Olson: —prospective policy might or ought to be. I think the Prime Minister explained very clearly that that does not mean that cabinet ministers are disagreeing with decisions that they took collectively. That is where it focuses.

Some Hon. Senators: Oh, oh!

[*Translation*]

Senator Asselin: Honourable senators, I must say I was amazed to hear my honourable friend's reply, for he is certainly aware of the importance in common law of the cabinet solidarity principle. I was quite amazed also to hear the arguments he used in his efforts to defend these candidates who have demonstrated almost daily, ever since the campaign started, that they have abandoned the principle of cabinet solidarity. They seem to disagree on the statement which Mr. Trudeau has made to the effect that the Canadian government should not compensate Japanese-Canadians who were interned in inland Canada during World War II. They disagree also on the sports pool issue. Again, they disagree with Mr. Turner on the Manitoba issue. Moreover, the minister implied that there had been no breach of cabinet solidarity. In this case, he will have to say that these contenders lack the guts to resign. They

prefer to keep their respective portfolios because they are not sure of being elected leader of the Liberal Party.

On the other hand, I feel that the Prime Minister should have the decency to issue some guidelines and demand that they abide by the principle of cabinet solidarity. Nobody will convince me that there has been no breach of cabinet solidarity.

[*English*]

Senator Olson: Honourable senators, I am not surprised that Senator Asselin does not agree and I am not surprised that—

Hon. Royce Frith (Deputy Leader of the Government): We would be worried if he did.

Senator Asselin: And Canadians do not agree.

Senator Olson: —he makes an argument based on an interpretation that he has used for the 16 or 17 years that I have been on this side of the house. He used to make it even when I was on the other side of the house supporting what he said, which was criticism of the government.

Senator Asselin: Sometimes you were on my side?

Senator Olson: Sometimes. So that means I am very familiar with the argument and the attempts to drive wedges, but I am sorry if he does not accept the explanation I gave a few minutes ago—

Senator Asselin: It is not an explanation.

Senator Olson: —because it is just as valid now as it was then, notwithstanding that Senator Asselin does not accept it.

Hon. Jacques Flynn (Leader of the Opposition): It is a lot more valid than it was.

NOVA SCOTIA

GLACE BAY—FIRE IN MINE NO. 26

Hon. Robert Muir: Honourable senators, I should like to direct a question to the Leader of the Government regarding the terrible tragedy that took place in Mine No. 26 in Glace Bay, Nova Scotia, resulting in the loss of one miner. Is the leader in a position today to report on that incident and is he able to tell us whether or not they are able to contain the fire resulting from the gas explosion? If he cannot give us a report today, could he do so as soon as possible?

• (1420)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to acknowledge to Senator Muir the deep and heartfelt concern that the government has over that accident. I do not, however, have an update on the situation that is any more current than what is probably already known to Senator Muir, but I can ask the department that is directly responsible and looking into the matter to try to provide us with a more current update. I would go a little further to say that there are also some other matters to be dealt with, on an urgent basis, having to do with the severe economic consequences that will ensue from this terrible accident.

[Senator Asselin.]

EXPO '86

BRITISH COLUMBIA—LABOUR DISPUTE—FEDERAL GOVERNMENT POLICY

Hon. Edward M. Lawson: Honourable senators, I have a question which I direct to Senator Austin in his capacity as the minister responsible for British Columbia. It is really a follow-up to Senator Buckwold's question of last evening as it relates to Expo '86.

In view of the major concessions made by the building trades to guarantee the on-time completion of the project by undertaking to have a no-strike project and to abandon their long-standing principles by agreeing to work with non-union workers on the job site on the condition that they are paid fair wages; and since it is, as I understand it, federal government policy to pay fair wages on its projects, is the minister prepared to convey, on behalf of the federal government, its support of the policy of fair wages on that project? Such support would guarantee that there would be no interruption due to political reasons in the completion of that job, since all of the economic issues and all of the trade union issues have apparently been resolved.

Hon. Martial Asselin: You should ask that question of Senator Perrault.

Hon. Jack Austin (Minister of State for Social Development): Why? Why should he be asked?

Senator Asselin: You stole his place; he is the man responsible for B.C.

Senator Lawson: I directed my question to Senator Austin.

Senator Austin: The question that Senator Lawson has asked is even now the subject of discussion between the provincial government and the building trade unions led by Mr. Roy Gauthier. I have kept those discussions very much in—

Hon. Jacques Flynn (Leader of the Opposition): Secret.

Senator Austin: —view; I have chatted with the parties involved from time to time and they have called me.

It is the collective view of those parties, as it is of the federal government, that no advantage would accrue to those discussions were the federal government to make any statements with respect to a labour relations issue in the province of British Columbia, which is wholly a responsibility under provincial jurisdiction. Accordingly, I have no statement to make.

I do want to say, however, that I trust that the continuing process will result in agreement between the Expo '86 Corporation, which is a provincial crown corporation, and the unions affected.

Senator Lawson: As a supplementary, I do not accept that there is no federal responsibility or that the matter is exclusively within the provincial jurisdiction, because a part of that

World's Fair is a convention centre which is being built under federal jurisdiction. If Expo '86 should be cancelled for political reasons it would not simply reflect on Vancouver, British Columbia; it will reflect on the country as a whole and certainly on the federal government in terms of its responsibilities. I would not want the federal government to duck the issue by avoiding its responsibilities—

Senator Flynn: It never does.

Senator Lawson: —and not taking a particularly strong stand on a vital issue that may mean the saving of the project.

There may be reasons that we are not aware of which are political—which are not trade union issues but may be due to economic or other factors—which could result in the cancelling of this project. I think that the federal government could play an important national role by making clear a policy position consistent with what it is already doing and by avoiding any delays so that we can get on with a very important project, not only for British Columbia but for Canada as a whole.

Senator Austin: Honourable senators, I agree with Senator Lawson that the project is an important one for Canada as well as for British Columbia. It is because of its significance to Canada that we are following the policy of allowing the question of union and non-union people working side by side and the question of what is an appropriate rate for labour on that site to be matters of an effective negotiation between a provincial crown corporation and the unions which are involved. It is because we are exercising our responsibility that we are not allowing ourselves to be brought into that debate to weight the arguments. Our coming into the debate at this stage would not, in the opinion of all of the parties, help the "collective bargaining process," if I might put the phrase in quotation marks.

I would say to Senator Lawson that the federal government's site at Canada Place on the Inner Harbour has been fully contracted. Union contractors have all of the basic construction work, and therefore we do not have the same problems as those experienced at the False Creek site, which is the responsibility of the provincial government.

The discussions are ongoing. Indeed, an expectation has been created in British Columbia as a result of the premier's statement that some decision might be made by the provincial cabinet today. In the circumstances, the honourable senator will recognize that by not making a statement we are not addressing the principal policy questions that are part of the labour dynamic, but we are trying to assist the parties in coming to a conclusion on their responsibilities.

Hon. Martial Asselin: We want Perrault!

[*Translation*]

CANADA HEALTH BILL

SECOND READING—DEBATE ADJOURNED

Hon. Jacques Hébert moved the second reading of Bill C-3, relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof.

He said: Like all of you, honourable senators, I sometimes have an opportunity to travel abroad, often in beautiful countries with incomparable climate, in countries which may indeed be richer than ours because of their culture and their civilization.

Every time I wonder why I have such deep feelings for Canada. Every time I can appreciate that there are very many reasons—and I will give them to you on some other occasion!

Hon. Jacques Flynn (Leader of the Opposition): Hear, hear!

Senator Hébert: Today, I will give you only one. As you may have guessed, it is our health insurance system, second to none the world over.

It is the ever undeniable proof that we Canadians are fully aware of our priorities and that we are deeply concerned about the fate of those who are suffering, however destitute they may be.

It is therefore with great pleasure that I open the debate today on Bill C-3, the Canada Health Act.

I must confess that I find myself in the privileged position of being godfather to a newborn whose birth and first few months have given rise to much interest among the public, because they were the answer to the concerns and general expectations of Canadians.

This bill has been scrutinized by every group interested in its purpose. Untold precautions have been taken so that it would meet the expectations of the majority of its supporters; I would even say, to some extent, of its detractors—for there were a few!

I fully endorse its objectives and I am convinced that it will fulfill its mission.

At the outset, I should like to emphasize that the main purpose of this piece of legislation is to consolidate the underlying principles and the basis of Canada's health insurance system, more generally called medicare. It enshrines the criterion of accessibility to medical and hospital care regardless of the financial status of the patient.

As a result of the erosion of that principle through user charges and extra-billing by physicians in many regions of the country, the Government of Canada has been forced to step in.

This phenomenon has been growing worse in the past five years. The foundations of our health insurance structure were being undermined. Though quite reasonable a few years ago, extra-billing and user fees cost patients close to $150 million last year. Time had come to strengthen this national program, the better to meet tomorrow's problems. With as much dynamism, we will have to come to grips with the needs of our aging population and the explosion of new health technologies.

In this context of scientific evolution unparalleled in world events, we know now that the new approach will reflect the

concepts of preventive medicine and health promotion. Our health practitioners will have to steer towards that goal while keeping in mind that this new approach might cast some doubt on past procedures.

However, before looking to the future, it was imperative to fill the gaps in our basic health system.

• (1430)

[*English*]

The issues of direct charges, user fees and extra billing, which now threaten to erode our health care system, have been actively discussed in public forums since 1979 when these charges increasingly became the subject of concern to individuals, groups and health professionals. Seldom has an issue been the subject of so much public scrutiny and debate. Mr. Justice Emmett Hall's Commission in 1979 and 1980 held public hearings in 13 Canadian cities as well as additional hearings with governments and other bodies. Altogether, some 450 submissions were received. In 1981, the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements held public hearings throughout Canada with representations from organizations, experts and individual witnesses. In the last three years there have been three federal-provincial health ministers' meetings, three federal-provincial deputy ministers' meetings, numerous meetings between officials and numerous bilateral meetings between the federal and provincial health ministers. The Minister of National Health and Welfare has made a major effort to bring the issues before the Canadian public for dialogue, discussion and debate. Since she has met and spoken to numerous groups and individuals across the country, she has also received and responded to thousands of letters containing comments and suggestions concerning medicare and the Canada Health Act.

In July 1983 the federal government issued a position paper preserving universal medicare which clarified the federal position on direct charges. Over 300,000 copies of this document have been distributed to the public, health practitioners and other interested parties. To enhance public awareness, understanding and discussion of health insurance issues, funds were made available to help non-profit public interest organizations defray some of the costs of conducting over 100 public meetings. I cite these facts to you to convey the nature of the efforts made to bring these issues before Canadians. They assure me that Canadians have views on the issues and that these views have been accurately heard.

[*Translation*]

Medicare has had a long and honourable history in Canada. Our system is one of the most equitable in the world. It is economically viable, it is humane, and, in a way, it is part of our heritage. It is based on the principle that every single Canadian is entitled to whatever hospital and medical care he needs, regardless of his ability to pay.

Thanks to medicare, no one need worry about any financial burden resulting from an unforeseen illness. Since health insurance is a collective program, all Canadians share the cost of medical care for which they could not pay individually. Their taxes provide anticipated payments towards the cost of the insured health services they will eventually need. This program is not only for the young, the wealthy and the healthy. It is designed also to help the poor, the old and the chronically ill.

The latter group is the one most affected by the charging of direct fees.

Physicians paid with public funds under the medicare program require their patients to pay additional fees over and above the provincial fee schedules. This is called extra-billing. In some provinces, hospitals charge additional fees for each day of hospital care or for emergency services. These are called user fees.

It seems to me that, once you have paid your income tax, and even the premiums that are required in some provinces, it is unacceptable that you should have to pay an additional amount when you are ill.

Several reasons have been mentioned to justify the fact that users of medicare are being billed direct fees.

The first is that such a practice will prevent abuse and will discourage those insured from visiting their doctor for no reason whatsoever or from calling at the emergency service of hospitals unless they do have serious problems. Yet, detailed studies have shown that this is not true. Most visits to the doctor's office are initiated by the doctor himself and he is the one who decides whether his patient should be hospitalized or not. No one is admitted to hospital without a request from the treating physician. Concerning visits to the emergency service, the only people whom user fees will stop from going are the most disadvantaged, the unemployed, for instance, and all those people who need help the most when they are ill.

The second reason mentioned for having users pay certain fees is that this is a resource needed to balance budgets. However, the income represented by these charges is so minimal when compared to the operating costs of hospitals that this argument does not hold water.

Other methods must be used to make the public aware of the costs of hospital care. One method which has shown its effectiveness is to deliver to each patient a statement of account listing the costs of services, but only for his or her information. Regarding extra-billing by doctors, which in any case is practised only by a minority, it should not exist since most doctors are satisifed with the agreement binding their professional associations and the provincial health insurance plan.

[*English*]

The original Bill C-3, as presented to the House of Commons on December 12, 1983, was amended in the course of study by the Standing Committee on Health, Welfare and Social Affairs. Over the course of eight weeks, the committee carefully examined every aspect of the bill. Representatives from health provider organizations, consumer groups, health experts and almost all provincial governments testified before the committee. Some 39 amendments were suggested and approved to improve the bill. While many of these were of a

technical nature, others were quite significant in terms of responding to concerns expressed by the provinces, by providers and by consumers.

Honourable senators, I would like to summarize briefly the main features of the proposed Canada Health Act. Essentially, it replaces two existing acts, the Hospital Insurance and Diagnostic Services Act, 1957, and the Medical Care Act, 1966. The proposed new act sets out as clearly as possible the program criteria and conditions of payment which the provinces must meet in order to be eligible for federal contributions to health care.

The intention is that basic health services be insured for all residents. The basic health services covered by the legislation are all necessary hospital services, physician services and surgical-dental services performed in a hospital. The criteria which provinces must meet to be eligible for the full federal cash contribution are:

1. Public administration: The health insurance program must be administered by a public authority which is accountable to the provincial government.

2. Comprehensiveness: The program must cover all basic health services; that is, necessary hospital and medical services, and surgical-dental services rendered in a hospital.

3. Universality: 100 per cent of residents must be entitled to insured health services.

4. Portability: Insured health services must be available to Canadians temporarily out of their province of residence.

• (1440)

5. Accessibility: All residents must have reasonable access to insured health services without financial or other obstacles.

Physicians must receive reasonable compensation, and hospitals must be paid for providing insured health services.

In addition, the provinces must supply reasonable information to the minister and must give recognition to the federal contributions in their public documents and publicity.

I wish to emphasize that the basic broad principles which I have outlined are essentially the same as those contained in the existing two pieces of legislation.

[*Translation*]

However, what is new in this bill are the provisions dealing with user fees and extra-billing by physicians. Until now, the federal government has always considered such practices as inconsistent with the basic principles of medicare. However, there is nothing specific about this in existing legislation.

Bill C-3 clearly states that such practices are inconsistent with the principle of medicare and it provides that the federal contribution will be reduced in proportion to the amounts charged to patients through user fees and extra-billing.

The new bill allows the federal government to take into consideration the seriousness of the failure to meet the conditions for cash contributions or payment of the full amount provided in the 1977 act when reducing or withholding contributions. The existing legislation is much too strict in that respect, because the only alternative for the federal government was to say nothing and withhold its full contribution. You will agree that it was a much too high-handed practice and that it was almost unthinkable to use it considering its devastating effect on the health system in the province concerned. It was like an atomic bomb. Hereafter, it will be possible to levy a more realistic and reasonable penalty when a province does not comply with one of the criteria of the scheme.

Bill C-3 also provides adequate mechanisms for consultation with the provinces in cases of alleged default.

As you can see, the bill has a rather limited purpose. It is neither expansionist nor interventionist and it respects provincial jurisdiction on individual health care. It merely consolidates the basic principles of the existing legislation, provides penalties against those provinces that allow user fees or extra-billing and makes the government's discretion as far as penalties are concerned more flexible.

As I said, Bill C-3 does not encroach on provincial jurisdiction in the health area. It contains in the preamble a paragraph clearly stating that the rights of the provinces under the Constitution Act, 1967 are in no way affected.

The bill does not impose additional burdens on the provinces. It affects only services already provided under the existing legislation.

It does not dictate to the provinces how they should plan, organize and administer their health systems. The provinces remain free to develop their own versions of Medicare according to their priorities.

There are many health practitioners who fear that this bill will limit their professional freedom, establish state-run health services, and transform their profession into a bureaucracy by making them salaried workers. Their fears are unfounded. Practitioners did not lose any of their privileges in 1968 when Medicare was implemented. Medicare does not limit in any way the patient's right to choose his or her doctor, nor does it limit the doctor's right to choose his or her patients. The bill does not provide any change in the way physicians are being paid. By the way, it should be emphasized that physicians have been fully protected against bad debts ever since the implementation of Medicare.

Bill C-3 does not reflect all the proposals put forward by several groups eager to extend the scope of the current legislation. It is clear that one of these days we shall have to look into the increasing needs of an aging population, new technologies, community services, preventive medicine and fitness. But we had first of all to set the principles of Medicare on very firm grounds.

The federal government has committed itself to proceed to the next stages in co-operation with the provincial governments, health professionals and consumer groups.

[*English*]

In conclusion, I would like to say that I am very proud to sponsor this piece of legislation before the Senate. I am convinced that we will be taking an historical step in the evolution of our medicare program in Canada. The debate on

these issues has been going on for five years. We have heard from all interested parties—the time is ripe for action.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not mind congratulating the sponsor of the bill, Senator Hébert, who by the way, always puts things so well. However, in spite of my admiration for his elegant style, I cannot congratulate him for his independence. He always pretends to be very objective but I have rarely heard so orthodox a speech, accepting fully and without hesitation the party line, the Liberal propaganda as expressed by Miss Bégin.

I do not know whether he himself drafted the speech, but I noticed that he first wanted to centre the debate around some aspects of the bill that usually arouse public support, that is, hospital user charges and extra billing. These were the big problems the bill was supposed to resolve.

Then he spoke of other things. But he completely forgot—as a matter of fact, he did not, he just totally distorted the facts when he said that this bill was the result of a long consultation process.

Even Miss Bégin admitted in the other place that she had not fully consulted with the provinces at the drafting stage of this legislation.

User charges are a straw man that the Liberal government is using in order to set up, through the provisions of this bill, an administrative straitjacket that will affect the provinces in an area which is primarily if not exclusively of provincial jurisdiction.

[*English*]

Hon. H. A. Olson (Leader of the Government): Get to the real reason.

Senator Flynn: The real reason is that. I know my good friend Senator Olson is just like Madame Bégin—very disappointed that the House of Commons did not bite at the fly that she was throwing with the surcharge and user fees. She was only trying to create an election issue. The government has been trying to create such an issue since last year when it saw that its popularity in the polls was falling down to the point where it really belongs after the type of administration, false promises and lies which it has used since it came back into power, or even before then, in 1980.

• (1450)

Hon. Royce Frith (Deputy Leader of the Government): Once a sore loser, always a sore loser.

Senator Flynn: I am not a sore loser. I would not like to be in your place, Senator Frith. I would not like to be as you are, having to follow orders blindly; to have that blind faith in their judgment that was typified by Senator Hébert's remarks. I was surprised at him, because it does not fit his personality, and I am sure that on reflection he might want to make a more objective speech when he closes the debate. I would invite him to recognize that there are some problems. I would like him to recognize that at least the committee that looked into the subject matter of the bill found some problems.

[Senator Hébert.]

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): When you were on this side of the house, you were always against your government.

Senator Flynn: There was no time for me to do so; otherwise, I would probably have opposed it. If I had had as much time as you do, I can assure you that at times I would have opposed the government. As for you, even though the government were forever in power, you would always be sure of being right, infallible, topflight, immutable.

Senator Frith: Right on!

Senator Flynn: I cannot take much credit, it is so obvious. I am not angry at all but I call upon Senator Hébert and his orthodox colleagues to try to understand the report. It seems to have been prepared by a committee chaired by a medical doctor who happens to be from Prince Edward Island and who has also been a minister of health in his province. I even think that he boasted, and rightly so, of being a minister when medicare was introduced in his province. This committee, controlled by Liberals—one of its most famous members was Senator Bosa—paid special attention to the findings contained in this report; I will deal with it later on.

It is really interesting, but let us see what this report says. In paragraph 2, it reads:

> It would change the present law by imposing penalties, as specified in the bill, on provinces which permit extra billing by doctors and user charges for hospital services.

Senator Hébert mentioned that. To him, this is the main purpose of the legislation. The report goes on:

> It would also allow the federal government, after discussion with the affected provincial governments, to impose penalties on provinces which otherwise did not comply with the five principles of medicare: public administration, comprehensiveness, universality, portability and accessibility.

Senator Hébert has not referred to penalties in other areas than user charges or extra billing. They are nevertheless provided for because the committee, at least, underlined this point.

Second, in paragraph 3, we read that the committee has heard several witnesses and that:

> With respect to the last group . . .

Namely the governments,

> we were fortunate to have before us the health ministers, or their representatives, of all provinces and the Yukon Territory. The committee has also reviewed the testimony regarding the bill received by the health committee of the House of Commons.

Even though it is not specified in the report, it is a very important and unique event for a Senate committee to have the representatives of all provinces appear before it. It is important, but Senator Hébert did not mention it; to him, it was not important, he only cared about user charges. The fact that the representatives of all provinces have appeared before

the Senate committee to oppose this legislation is not even worth mentioning by the sponsor of this bill. It is as if nothing had been said before the Senate.

Third, the witnesses who have been heard have expressed divergent opinions on this matter. There was no difference though in Senator Hébert's praises of the Government's purpose or the wording of the bill.

According to some people, extra billing and user charges are not a problem. Incidentally, it was not a major problem in the opinion of Mr. Castonguay, former minister of health under the Bourassa or Lesage government, I do not remember, but I think it was Bourassa. He said that this represents a very small part of the overall cost of medicare. Anyway, the Province of Quebec has no such practice. If it did, it would be of no importance; when it does exist, it is relatively not important.

Senator Hébert said the practice is becoming more and more common and will increase, which is terrible. Of course, it will increase; some would like to make a big issue out of it during the next election campaign no doubt. It is important *a priori*; it is traditional, as I find that out, even from Senator Hébert.

Others strongly support the federal government's efforts to put an end to these practices, in particular those who support it in this house as well as in the other place.

Most of the provinces, if not all, would prefer to settle the problem themselves, without federal legislation. Not only would they like to settle that matter but all the problems raised by this bill as well. Once again, with all due respect to Senator Hébert, the problem of extra-billing and user charges is only one aspect of the issue. The minister selected it so that her officials would understand that they had to use strawmen so as to better infringe upon a provincial jurisdiction.

Another problem considered in the committee report, paragraph 5, is for example the arbitration concept. Doctors wish to have their right to binding arbitration recognized in the bill, if ever the provinces introduce extra-billing.

The legislation does not recognize that right, I must admit; it only suggests that these doctors should try and get a binding arbitration clause in their agreements with the provinces. What business has the Government of Canada to bother suggesting that an agreement between a province and its doctors should or had better contain that binding arbitration clause? Why should we get involved? We are not party to these contracts and should not be. Furthermore, as would probably say our Speaker who himself is an eminent lawyer, the federal government is not even concerned.

That is a problem Senator Hébert did not bother with. According to him, provincial jurisdiction regarding medicare is not in the least affected. He says so because the bill says so, as well as Miss Bégin, and he believed her. He has repeated it like all those who have maintained it in the other place.

Let us come now to paragraph 7. It says that certain provinces fear that this will result in an unplanned expansion in comprehensiveness and that these provisions should not have been introduced without consultation with them. I said earlier that the sponsor claimed that there had been consultations; the committee for its part says: "without consultation". It does not say that there was a mistake in that regard. I mentioned earlier that Miss Bégin had admitted to some consultation, but not with those directly concerned, namely the provinces and health ministers.

I draw your attention to paragraph 3 of the report, which I will quote in its entirety.

> However, we have also found that witnesses do agree on a number of important points. All believe that Canadians, through their governments, their social institutions and as individuals, must address the issue of developing a comprehensive health care policy, uniform in its standards but suited to the needs of each province.

That is what we now have.

> This policy would deal with more fundamental problems—

Once again I draw this to Senator Hébert's attention.

> —than extra-billing and user charges:

Senator Frith: What paragraph is this?

Senator Flynn: It is paragraph 9, at the bottom of page 2. The Committee says those are more fundamental problems than extra-billing and user charges. According to the sponsor of this Bill, extra-billing and user charges are the only issues before us, with which we should come to grips most vigorously.

I now come to paragraph 10, about which Senator Hébert did not say anything either:

> This committee feels that the Senate has an important role to play in this regard. It could provide a forum for all groups to present their ideas, a forum where solutions could begin to be developed.

Do we need solutions? I did not hear anything in Senator Hébert's speech about solutions other than the swift and docile passing of Bill C-3. According to him, this solves everything. The Committee believes that the Senate has a role to play and that there are solutions to find.

Besides, this idea comes from Senator Bosa. He told us the Senate had a role to play, that there was a problem. Senator Bosa did not tell us that Bill C-3 was the cure-all.

He told us that the Senate must deal with these issues. This is a difficult and complex matter; many problems remain to be solved and the Senate must deal with them. He did not suggest that Bill C-3 would settle the matter, not at all. Far from it, the conclusion to this report adds the following:

> This committee therefore recommends that it be authorized to examine immediately the issues involved in the development of a comprehensive health care policy for Canadians.

We therefore do not have any comprehensive health care policy. Bill C-3 does not establish such a policy and it leaves a lot of problems unsolved.

You should try and reconcile the image which springs out of this report with that suggested by the sponsor of the Bill. If

you succeed, it will be most interesting to see how you can stretch the text to meet the considerations contained in the report.

I now come to the question which I consider the most important, namely, the unanimous opposition of the Provinces and the provincial health ministers to this Bill. Senator Hébert never mentioned it. If the federal Government said that it was right even though the ten Provinces disagreed, they cannot be right! The federal Government alone is always right, especially the Liberal Government and even more so the Trudeau Government. I do not know whether the same could be said about a Government led by someone other than Mr. Trudeau. The infallibility aspect may be somewhat diminished in the beginning, a bit less assured, but it will certainly come if we have the misfortune—

Hon. Norbert L. Thériault: It is likely.

Senator Flynn: It is likely. However, do not forget that it was very likely in your case, Senator Thériault, when you were in New Brunswick. You were defeated some time ago and you are not about to return to power. When the change comes, it could be for quite a while.

I come back to the health ministers' submission. I ask the senators to examine the opinions they voiced. I do not know whether I should recite the whole thing. It might not be fair, either for you or for me.

One thing is sure, namely that all the ministers—the one from Manitoba was not there last week, but I understand that he had already appeared—

Senator Thériault: Those who are against the Bill are all Conservative ministers.

Senator Flynn: Senator Thériault, why do we not have more Liberal provincial governments?

Senator Thériault: They put all the blame for their problems on the federal government.

Senator Flynn: In that case, it will not be long before the federal Liberal government is ousted.

Hon. Arthur Tremblay: There are at least two that are not Conservative.

Senator Flynn: Yes.

Hon. Martial Asselin: Even three, Senator Thériault.

Senator Flynn: I find this amusing; I just love Senator Thériault's interjections.

Senator Asselin: He cannot count.

Senator Flynn: He always shows a very special feeling which I perceive as well among Quebec and Acadian Liberals—it is typical, as I said to Senator Frith a while ago—an assurance of superiority and infallibility. For you, liberalism is a religion.

Senator Thériault: It is a matter of experience.

Senator Flynn: No doubt the experience of superiority and domination.

[Senator Flynn.]

Mr. David Russell, the Alberta Minister of Health was the first one to speak—

Senator Thériault: Say nothing about it.

Senator Flynn: Were you there?

Senator Thériault: Yes, I read it all.

Senator Flynn: Well, you read it all. I will read it for Senator Hébert because apparently he did not hear him, even if he was there.

Mr. David Russell said the following:

• (1500)

[*English*]

> To put it very bluntly, we are concerned about the lack of consultation, looking over the three-year history of this bill.

[*Translation*]

It is an excerpt. On page 10, Mr. Sheehy from Nova Scotia says:

[*English*]

> There has been a great deal of confusion, uncertainty and controversy surrounding this bill. In my opinion, this has been precipitated by the lack of co-operative dialogue between the federal government and the provinces, an all-too-frequent occurrence in recent years. I believe the time has long since passed for a return to federal-provincial co-operation, rather than confrontation.

[*Translation*]

Mr. Sheehy adds further on:

[*English*]

> I firmly maintain that there is no health care crisis in the province of Nova Scotia, and I seriously question the need for a Canada health act at this time.

[*Translation*]

Now further than that, for the information of those who are of the same orthodoxy as the sponsor of the bill, Mr. Keith Norton from Ontario had this to say on the amendment brought forward:

• (1510)

[*English*]

> When advised about this amendment,—

[*Translation*]

I believe it is the amendment to clause 12.

[*English*]

> —I immediately communicated with the federal Minister of Health and advised her in the strongest possible terms that this amendment represented a gross intrusion into the jurisdiction of the provinces into the administration of health care and in the way in which it would relate to the medical profession within the province.

[*Translation*]

That is the first comment. The others are in keeping with it. I would like now to quote Mr. Johnson from Quebec, delegate

minister for Canadian Intergovernmental Affairs and past health minister.

> We had then said that we found Bill C-3 were unacceptable first because it did away with consensus system in application until then with all practical consequences mentioned particularly by some of my colleagues at this table.

They do not talk here about user charges or extra billing but consensus system.

> Secondly, the federal government is using its spending power in such a way and with such conditions that it becomes more or less a power to induce provinces to spend more money.

So it is a spending power which is used to induce provinces to spend more money. Mr. Castonguay, the previous minister, has expressed the same idea. Yesterday, in the Quebec Legislature, the Official Opposition, the Liberal Party, said that it would support the objections of the Quebec government. Then it is not good enough to say that this is the opinion of the PQ government as it comes from the Quebec National Assembly. I remember that Mr. Trudeau would always dismiss the arguments of the Quebec government as péquist, whether they were sound or not. I shall now deal with Mr. Johnson's statement.

> Through this Bill C-3, the Federal government takes it upon itself to unilaterally determine provincial responsibilities and costs by introducing in this legislation a contractual approach for hospital insurance and financial penalties for the non-observance of those provisions.

You can see that user fees and extra billing are not the only issues at stake. Then Mr. Johnson went on to say:

> Not only the Federal government would not have to take charge of its share of the additional costs generated by this bill, but it could reduce its contribution even further if he decided to take the side of the lobby against provincial governments.

And I quote from the next page:

> The hospital insurance plan would no longer be based on consensus. The Federal legislation, would from now on determine the transferability terms of user fees and would require the province of Quebec to provide and finance all the services listed in the legislation. The regulatory power of the Federal government only provides that it cannot exclude any insured service without the agreement of the provinces.

The provinces cannot add any service.

> On the contrary the Federal government should be able to impose the coverage of certain services without the agreement of the provinces.

I tried to explain that the problem is much more serious. The sponsor of the bill did not mention it. User fees and extra billing are not the only issues at stake. To conclude, I will quote again Mr. Castonguay to underline that this is a unanimous opinion rather than the views of the PQ government.

> I believe that until now our health care system has been quite good. We have a negotiation based system in which each party is free to make commitments according to its means.

And he adds a little further:

[*English*]

> It seems to me that the bill introduces a whole new approach. The system whereby the federal government entered into agreements with the provinces is being replaced by a much more rigid system, under which a list of compulsory services is established, and if a province, for reasons that could be valid, is not able to provide all of those services, then there could be some penalties imposed.

[*Translation*]

Mr. Castonguay mentioned the punitive nature of this legislation several times. I shall quote the last paragraph of his statement or rather the next to last, as the last one is for acknowledgments.

[*English*]

> Finally, it seems to me that the provinces have applied their program in a fairly efficient way. I do not believe that any province has really tried to limit access to medical care, and I do not believe that they deserve a bill such as this, which will penalize them if they do not do exactly what is being prescribed in the legislation.

● (1520)

[*Translation*]

I suppose that should be enough to prove that there really is a problem. We have witnessed a unique situation when all the provinces appeared before us begging us to stop this bill, to find other solutions because, after all, being under their own jurisdiction this was bound to create problems. Moreover, there was a danger of putting in jeopardy a system which, up to now, has worked well. They wanted the Senate to do something, if only to justify its existence. If our role is really regional, when there is agreement among all the provinces, it seems to me that we must listen and give them a chance to explain their points of view adequately and efficiently. That is why I suggest that asking us to pass this bill at this time is an attempt at making the Senate look ridiculous. At a time when we are talking about Senate reform, when we are trying to emphasize our role as a second chamber, and to reaffirm our responsibilities to the regions whose opinions I believe cannot be expressed by anyone but the provinces, then there is simply no other away. Anyhow, the Atlantic region was here, as well as the Quebec region, the Ontario region, the Western region. The whole West was here.

If we cannot listen to the unanimous grievances of the provinces, we know what to make of what is currently said about the fact that the Senate has never been able to represent the regions and to properly carry out its duties in this regard.

On the other hand we have a very special opportunity to improve our image and to compensate for our past inaction by saying that we are going to rise, thus allowing Miss Bégin or

the Federal Government to meet with all the provinces. She has already met with them on a one-to-one basis. Perhaps she was applying the principle that you must divide to conquer. Anyway, she should now meet them all and say, "Look, can we come to an agreement?"

Before the committee, Ministers have said time and again they believed that a new meeting with the Minister could possibly, and even probably, lead to solutions in some cases.

What if the Senate were to tell Miss Bégin that we will wait. We are not seeking confrontation. We will not "flex our muscles", as Senator Bosa would say. We merely want to give Miss Bégin, the opportunity to meet with her provincial counterparts. Failing that, of course, then we could flex our muscles. But in the meantime, I propose as a solution to delay the vote on the Bill until June 1. Why June? Because Miss Bégin did say that this bill was not that urgent, that it could wait until the beginning of June.

Also, a clause of the Bill allows for retroactivity to April 1 of this year. Hence, there is no harm in delaying. We will adjourn for Easter. We could meditate during Easter, reconsider the matter and give Miss Bégin the opportunity to do likewise and Easter could mark the resurrection of co-operation, of goodwill between the provinces. A meeting could be held and perhaps a solution could be reached. Thus the Senate would have succeeded and achieved an exceptional feat. The Senate would have reasserted its role, the Senate would finally be able to take pride in having played the role which the Fathers of Confederation assigned to us in 1867 but which we have not fulfilled until now.

Accordingly, I move, seconded by Senator Roblin:

> That further consideration of this bill be delayed until June 1, 1984, in order to enable the Federal Minister of Health to meet collectively with her Provincial and Territorial counterparts with a view to resolving their differences.

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

Hon. Norbert L. Thériault: Honourable senators, I would like to say a few words on Bill C-3. Since I believe the amendment put forward by Senator Flynn would have the effect of a one year's hoist—

Senator Flynn: No, not one year but six months.

Senator Thériault: Even that is too long.

Concerning the implementation of this bill, my remarks will focus as much on the amendment as on the bill itself.

Firstly, I am happy to offer sincere congratulations to my colleague Senator Hébert for his excellent and quite pertinent speech explaining the reasons for this bill.

Being a supporter of the Liberal Party, I did not notice any partisanship in the remarks made by my colleague Senator Hébert. Indeed, at one point I thought I was listening to a truly independent-minded person. He was speaking as a person who, as we all know, is deeply concerned with the wellbeing of his fellow Canadians.

[Senator Flynn.]

In fact, I was not surprised to hear the Leader of the Opposition in the Senate admonishing Senator Hébert for his partisanship and then delivering a speech which had nothing to do with the policy of his party. Come on! If you want to reproach somebody for being too partisan, you should at least be logical.

Honourable senators, as a former provincial Minister of Health, as a person who took part in the discussions that were held in 1966, 1967 and 1968, when listening to Senator Flynn this afternoon, I thought I was hearing all over again all the arguments put forward by the Conservatives who were saying: We do not want medicare because it is a matter of provincial jurisdiction. Ontario was saying: We do not want medicare because we do not have the means to finance it. Alberta was saying: We do not want it, we do not want medicare because we do not have the money to fund such a program and because it is a matter of provincial jurisdiction.

Honourable senators, if we had listened to . . . I do not think that Senator Flynn was a member of the government at the time, and like all other Conservative members in the opposition, I suppose that he was protesting, although I never heard him do so, not being myself in the House of Commons. The Conservatives were saying: We do not want that, we cannot, we do not need that, we do not want it now but later, in six months—or in six weeks this time. The Canadian people heard these arguments in 1966, 1967 and 1968. There were even provincial premiers, some of them leading Liberal governments, who were putting forward the same arguments, and we wonder why. It is clearly because when one is the head of a government, one does not want to set up programs which are going to cost money and force one to levy new taxes. It is as simple as that. Such is the case with Liberal governments. You can imagine the situation when we have to deal with Conservative governments.

People are always satisfied with the *status quo*. Affluent people do not need medicare. What matters is not the arguments, but the demonstrated facts, and reasons for postponement are plenty. This time, it is six weeks.

I ask Senator Flynn what could be done in six weeks. I even heard the Leader of the Opposition say: Give the provincial health ministers a chance to organize and meet their federal counterpart.

● (1530)

Moreover, honourable senators, we are all aware that this is not the first time that we have dealt with the subject matter of Bill C-3. We started talking about it before the 1979 election and we have never stopped since. As a matter of fact, what is it we are really trying to do with Bill C-3? We really want to stop the extra billing practised by physicians as well as the hospital user charge policy of a number of provinces. Let us have a look at what is really going on.

It is not the "have not" provinces which have initiated these additional costs. It is not New Brunswick—they refer to a Conservative government—it is true that it was one who started imposing them. It started to impose user charges, I

believe, either in 1977 or 1978, for one year, and in 1979 it removed them before the 1980 election. Once re-elected, it re-established them.

New Brunswick is an exception. It was not Nova Scotia, Newfoundland, Prince Edward Island or Quebec, but the "have" provinces which initiated these additional charges. Why? Do we wonder why? It is because the government heading these provinces are Conservative governments whose political philosophy is not to support or share or provide the same good care and services both to the poor and the rich. That was their philosophy 50 years ago. That was their philosophy again 20 years ago, and that is again their philosophy today, judging from the remarks made by Senator Flynn.

Senator Asselin: What about the Quebec Liberal Party?

Senator Thériault: The Quebec Liberal Party . . . if you give me just a minute or two, I shall come back to that. In Quebec, it is an historical fact that whatever legislation the federal government may adopt, no matter its political colour, the provincial government will be against it, especially when it might affect its jurisdiction. Which does not mean that Quebecers never discuss anything, as Senator Flynn has implied, for provincial governments are jealous of their jurisdiction. Which does not necessarily mean that this is the view of most Quebecers—

Senator Asselin: That is democracy.

Senator Thériault: Well, does democracy in Quebec exist only at the provincial level; does it work only for the people who have elected 75 Liberals to Ottawa?

Senator Flynn: This never came up in the last election.

Senator Thériault: This never comes up at election time. Never has a Quebec government fought an election on—

Senator Frith: That is blackmail.

Senator Thériault: You are the ones blackmailing. The Conservatives are the ones blackmailing.

Moreover, honourable senators, if the Senate is really to represent the regions, then the New Brunswick people I am representing here are against it. As we know, every poll indicates that Canadians are totally opposed to extra-billing. So, as senators, is it our duty to represent the provincial governments which appeared before our committee, or is it our duty to represent the people in our regions?

Senator Flynn: The matter of user fees did not come up.

Senator Thériault: But what else are we talking about? Honourable senators, do we have to oppose Bill C-3 because it does not solve every health care problem? It does not create any either. You are the ones who are raising negative ideological problems, and you are against this legislation because it comes from a federal Liberal government. That's all. That's the only reason.

Once again I suggest to my colleagues in the Senate that I know, for I have already thought about it, that a large number of the health ministers who appeared before the committee are happy with Bill C-3. Moreover, they too do not want that extra-billing by physicians; but they lack the political courage to oppose it, and they want the federal government to know it. That's the truth.

As for me, honourable senators, if I had a criticism about Bill C-3, I would say that it does not go far enough. It should address not only user fees but also the problem of provincial governments charging a premium for health care services. And Bill C-3, in my opinion, should state, in spite of the provinces, that they will have to find other ways to make taxpayers pay to cover health costs, apart from premiums; and this again come from the Conservatives because this is what happens in the provinces lead by a Conservative government.

Can you tell me, Senator Flynn, that there is justice in a province like Ontario or Alberta when a person earning $75,000 or $1,000,000 pays the same health care premium as the one earning $15 or $20,000? Is that justice?

Once again, there is no such thing in Quebec. There is no such thing either in the Atlantic provinces. Taxes are charged—

Senator Flynn: What about income tax?

Senator Thériault: Yes, income tax.

Senator Flynn: Everybody has to pay it.

Senator Thériault: The insurance companies, honourable senators, but there is a difference, for insurance companies are profit-making institutions whereas governments were created by the people, for the people, and not to make profits.

Senator Asselin: With a deficit of $30 billion.

Senator Thériault: And that is where you do not make the difference in the case of this $30 billion deficit.

Senator Asselin: Billions.

Senator Flynn: And you don't make the difference.

Senator Thériault: The $30 billion deficit is at the provincial level. Provinces administered by a Conservative governments have unbelievable deficits. In New Brunswick, in the last 14 years, the Conservative government has increased threefold the accumulated deficit of the province since Confederation.

Senator Flynn: At the federal level, what is the proportion?

Senator Thériault: Probably the same, but the revenues are much bigger and in proportion, I believe that the debt in New Brunswick is as high and probably higher than the one at the federal level.

But let us go back to the matter at issue. I say that health care is as important and necessary to the people as education. Can you imagine a system where to go to the primary or secondary school children of a family of four, five, six or seven would have to pay $2,000 per year, the same as the children of senators, doctors, shopkeepers or people who earn between $75,000 and $100,000 per year? This is the system which applies in Ontario and Alberta, where the same price is charged.

Senator Flynn: The law does not change this situation.

Senator Thériault: That is what I say. If I had to blame Ottawa for something—you did it yourself—I would say that this measure does not go far enough. Thus, understand that some people want to do all they can to provide the citizens and the poor with the services they need.

Honourable senators, I hope that the Senate will, as soon as possible, pass this bill on second and third readings, to put an end to the situation in New Brunswick, my own province, where for the past 18 months, the old and the poor, who had to go to the emergency department of a hospital were charged $6. If that $6 charge to applied to everybody, I would not object.

Moreover, I must say, Senator Hébert, that I appreciated your speech, because in so doing, you have shown your concern for the health care of the Canadian people.

Senator Asselin: What about Senator Flynn?

Senator Thériault: Senator Flynn does not have a clear position as is always the case with the Conservatives. They backed down in the case of medicare and all social programs since Confederation. For example, when it is time to vote—

Senator Flynn: Who was the architect of medicare? Mr. Diefenbaker.

Senator Thériault: Medicare and all the programs put into place, are the work of all the Liberal governments which have been in power since Confederation.

Senator Flynn: Who set the standards? You do not seem to know.

Senator Thériault: Who was the government in the fall of 1968 and then in 1966? Who was the national government at the time of medicare?

Senator Flynn: Who set the ground for it?

Senator Thériault: There are so many things Senator Flynn has said that stand to be corrected. I am not saying that Bill C-3 is perfect, but I believe that the committee report is a good report and I wonder what Senator Flynn has to say about section 2. I quote him:

> It would also allow the federal government, after discussion with the affected provincial governments, to impose penalties on provinces which otherwise did not comply with the five principles of medicare.

And then Senator Flynn listed the five criteria for that. Is he against such criteria?

Senator Flynn: I said that it did not affect only user fees, that was a remark from me. But there are other penalties besides extra billing.

Senator Thériault: Should there not be any?

Senator Flynn: I did not say that, but I pointed out that it would create a problem—

Senator Thériault: The thrust of Bill C-3 is the protection of health care users. That measure might not go far enough for that goal to be reached and it might not cover all aspects of the situation. But it is at least a beginning and it is a continuation of the policy of the Liberal Party and of all Liberal governments since 1867 which is still being pursued here.

I urge my colleagues to support that bill and I am sure Senator Flynn will vote for it.

Hon. Arthur Tremblay: Honourable senators, with your permission, I will try to stick to the point under discussion here. I will not intervene as far as the total thrust of the bill is concerned unless I have to.

But I feel I ought to remind the Senate of the origin of that bill in the words of the Minister of Health when she appeared before the Standing Committee on Social Affairs, Science and Technology which has been considering that bill since January 18.

In answering a question by Senator Asselin, who asked her and I quote:

> Has the Minister had the opportunity to discuss these amendments with her provincial counterparts and, if so, what was their reaction?

Miss Bégin replied:

> Mr. Chairman, to answer Senator Asselin's question, may I say that in the course of the Medicare crisis, I finally obtained a consensus in May 1982 on the issue of control of extra-billing and user charges, which meant that some extra-billing and user charges would be permitted.

Where is the very categorical principle that Senator Thériault has just defended and which is in the bill? At one time, in 1982, there was an agreement to standardize, regulate, control, prevent extra billing and user charges from going too far. There was a consensus in 1982, not on the absolute exclusion, but on some limits in that regard.

Furthermore, I am not the only one to understand that this is the real meaning of the text. The translator said:

● (1540)

[*English*]

> —which meant that some extra-billing and user charges would be permitted.

[*Translation*]

Thus that is where it begins. The minister said:

> Several months later, we no longer had a consensus. They called me and told me: "It's all in your head, there's no problem".

Why? As Mr. Castonguay said yesterday when he appeared before the committee, it seems to me that the problem is not as tragic as all that, as far as user charges and extra billing are concerned. In her evidence, before the committee, Miss Bégin said:

> When I became the Minister of Health some six years ago, extra billing for patient services represented about $50 million. Now, six years later, extra billing represents between $100 and $200 million, but closer to $100 million. Of course, the exact figures are not available.

So, since the beginning of January, I imagine Senator Hébert received the exact figures since earlier today he said

that it was less than $150 million, if I am not mistaken, or close to $150 million. Miss Bégin said between $100 and $200 but closer to $200 million. So, this is about $150 million.

What does an amount of $150 million represent? Further on, Miss Bégin refers to total health expenditures by both levels of government.

> Let us suppose, for example, that health insurance is a $20 billion project . . .

That is about what it costs. Well, $150 million out of $20 billion is about .75 per cent. There you are, .75 per cent, the health crisis!

Let us get back to the genesis of the bill. It was the increase from $50 million to $150 million which prompted Miss Bégin to shy away from the consensus in 1982, when it was agreed that extra billing and user fees could only go so far. Until then, they were not rejected outright. The consensus broke down because the provincial ministers told her that .75 per cent was not really that much of a problem.

So on she goes with her reasoning.

> I was therefore forced to take a new approach—federal legislation.

Presumably, the consensus broke down because there was no agreement about the practical aspect of things. As the minister says, she then took a new approach, the agreement and consensus which had been the rule in previous years. As to how to proceed, there is a new approach, a federal act:

> Since no one seemed to know what it was all about, my provincial colleagues and I agreed that there would be no point in discussing and needlessly raising fears, that the best thing to do was to draft a bill and take it from there.

Miss Bégin drafted a bill which was introduced in the House of Commons. The minister then goes on to say:

> I left right away to meet with each provincial minister. It was the first real text. So I asked each one of them to submit his amendments, and they all have done that since then.
>
> SENATOR ASSELIN: Have the amendments which you are proposing to Parliament been submitted to the provincial authorities?
>
> HON. MISS BÉGIN: The proposed amendments are the end result of my visits to each of the provinces in early January.
>
> SENATOR ASSELIN: Have provincial officials been apprised of these amendments since then?
>
> HON. MISS BÉGIN: I'm not sure I understand your question.

That's what the minister said. Then Senator Asselin says:

> You will be tabling the amendments in the other place. In fact, they have already been tabled. Therefore, they will soon be before us for consideration.

And he asks his question again:

> . . . What I would like to know is whether these amendments were reviewed by the provinces prior to their tabling in the House?
>
> HON. MISS BÉGIN: That's not exactly the procedure that was followed. These amendments came about as a result of my meetings with the provinces. If you want to know whether the . . .
>
> . . . provinces had an opportunity to study the exact wording of these amendments, then the answer is no. The amendments were tabled in the committee and were drafted with the help of senior officials.
>
> SENATOR ASSELIN: That's what I wanted to know.

Miss Bégin adds:

> Pressure groups also had a hand in drafting these amendments. A number of amendments . . .

At that precise moment, a generous soul, Senator Frith, made the following observation:

> If I understand correctly, you are saying that provincial authorities co-authored, so to speak, the amendments that were tabled in the House?

The answer which follows is to the credit of Miss Bégin:

• (1550)

[*English*]

> No. I cannot say that. We must not forget that some of the amendments were made before the committee. I started by tabling a list of possible amendments introduced by the government. These amendments were sent to the provinces and, I hope, were at the request of the provinces, though they were not negotiated word for word with the provinces. They are federal government amendments which have been modified in committee by the parties represented.

[*Translation*]

Consultations with the provinces have certainly not been very meaningful, to say the least. That was the situation on January 18. After that, the bill, with the amendments introduced then, went through the usual stages in the Commons. Many witnesses, including provincial representatives, appeared before the Committee on Social Affairs, Science and Technology.

Provinces are a level of government with total primacy in their own field of jurisdiction just like the federal government. One can easily imagine that they were not very happy with that kind of procedure whereby they had to appear before a federal committee similar to a court of justice to defend their constitutional jurisdictions and their primacy. They had no choice but to do it. The results of those sittings have been quite correctly evaluated as unsatisfactory.

That is where the Senate committee enters the picture. It sent to the provinces an invitation to appear and state their views during our advance study of the bill. As one can readily understand, they took advantage of that invitation to appear as a group and voice their opposition to the bill. They complained more particularly about the lack of meaningful consultation at

earlier stages. Unless I misunderstood the ensuing discussions in committee, the provinces were ready to meet with the federal minister in order to alleviate certain problems and, at the very least, to solve, if only through a more adequate wording, the most contentious issues concerning our federal system.

The bill is not urgent and it would not be dramatic, even for the federal Health Minister, if we were to allow a few weeks for a much needed meeting. The Senate, being above partisan squabbles, is more conscious of the respect we should have for our federal system. That is why we should clearly show our support in providing that opportunity for a meeting even Miss Bégin would welcome. It seems to me that in doing so the Senate is playing its true role. Otherwise, what would be the situation? Once again, we would find ourselves in a confrontation situation without any minimum dialogue to try to explore any possibility to reduce that tension which will certainly follow if we refuse to play that positive role, that is to give a few weeks in order that the federal minister of Health could meet again with her colleagues if she is not looking definitely for confrontation. She could offer a minimum answer to the views expressed by the health ministers who appeared before our committee.

Also some ministers raised some constitutional questions which are not without foundation. In such a case I believe the meeting could take place if the motion of Senator Flynn could be adopted in order to get some clarifications. Consequently, without engaging in a discussion on the content of the bill or some specific clauses but only on the amendment it seems to me that the amendment will give to the Senate an opportunity to play its true role. That is the reason why I support it without hesitation.

• (1600)

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Flynn P.C., seconded by the Honourable Senator Roblin, P.C.:

> That further consideration of this bill be delayed until June 1, 1984, in order to enable the Federal Minister of Health to meet collectively with her Provincial and Territorial counterparts in whose opinion more discussion would be highly desirable since it could conceivably result in the parties' resolving their differences.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

[Senator Tremblay.]

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.

Motion of Senator Flynn resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macdonald
Beaubien	Macquarrie
Bell	Marshall
Charbonneau	Muir
Donahoe	Nurgitz
Doody	Phillips
Flynn	Roblin
Kelly	Tremblay
Lafond	Walker—18.

NAYS

THE HONOURABLE SENATORS

Anderson	Kirby
Austin	Lapointe
Bonnell	Lawson
Bosa	Leblanc
Buckwold	McElman
Cottreau	McGrand
Frith	Molgat
Gigantes	Olson
Giguère	Petten
Godfrey	Riley
Guay	Robichaud
Haidasz	Stanbury
Hastings	Stewart
Hébert	Stollery
Hicks	Thériault
Inman	Wood—32.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

On motion of Senator Roblin, debate adjourned.

BANKING, TRADE AND COMMERCE

NOTICE OF COMMITTEE MEETING

Hon. Sidney L. Buckwold: Honourable senators, before we adjourn may I remind the members of the Standing Senate Committee on Banking, Trade and Commerce that a meeting is scheduled for later today in room 356-S. It would be very much appreciated if the members of that committee attended that meeting.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 12, 1984

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

Prayers.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

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-12, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday, April 17.

Motion agreed to.

MARITIME DEFENCE

RESPONSE OF DEPARTMENT OF NATIONAL DEFENCE TO COMMITTEE REPORT TABLED

On Presentation of Petitions:

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have the honour to table the response of the Department of National Defence to the report on Canada's Maritime Defence, that was prepared by the Subcommittee on National Defence of the Standing Senate Committee on Foreign Affairs and presented some months ago.

In addition, I have an address on the same subject that I would make when the inquiry standing in my name is called. It would take me about 25 minutes to deliver. I have copies in both French and English. For the information of honourable senators, perhaps this address could be printed as an appendix to *Debates of the Senate* of today.

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

Hon. Senators: Agreed.

(*For text of address see appendix p. 489.*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF STANDING JOINT COMMITTEE TABLED

Hon. John M. Godfrey: Honourable senators, I have the honour to table the Third Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments. I am not asking that it be appended to the minutes of today's proceedings. The reason is that this report is exactly the same as the Fourth Report of the First Session, which was presented to the Senate and House of Commons in July 1980.

While a fair number of the recommendations in that report were adopted by the government, particularly on the question of notice and comment, by the institution of a regulatory agenda, some have been ignored. The purpose of our bringing back this report is because of the new rules of the House of Commons whereby, when a report is tabled in the House of Commons and the committee so requests, the government has to respond within certain time limits. So the sole purpose is that the government will now have to formally reply to this report, which was presented to Parliament in July 1980.

MARITIME DEFENCE

NOTICE OF INQUIRY

Hon. Paul C. Lafond: Honourable senators, I am grateful to the Leader of the Government in the Senate for tabling the response of the government to the report of what was the Subcommittee on National Defence entitled "Canada's Maritime Defence." He has also given notice of inquiry on this matter. I suggest that we leave this notice of inquiry on the Order Paper for a little while. If that is not satisfactory, I will give notice of a similar inquiry upon our return after Easter, because the minister is appearing before the National Defence Committee Tuesday morning to discuss this response, and some members of the committee may wish to offer further comments in this chamber at a later date.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think the best procedure is that suggested by Senator Lafond, that we leave the inquiry and consider the document that is tabled as part of the material that is available to honourable senators on the inquiry. The inquiry will serve as the basis for debate on the report and other matters relating to it.

ROYAL CANADIAN MOUNTED POLICE

NOTICE OF MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO EXAMINE SUBJECT-MATTER OF BILL C-13

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I give notice that on Tuesday, April 17, 1984 I will move that the Standing Senate Committee on Legal and Constituional Affairs be authorized to examine the

subject-matter of the Bill C-13, intituled: "An Act to amend the Royal Canadian Mounted Police Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Honourable senators, to avoid either a misunderstanding or having to check the contents of Bill C-13, this bill does not deal with the proposed Canadian security intelligence service but with amendments to the Royal Canadian Mounted Police Act.

SENATE REFORM

RESPONSE OF GOVERNMENT TO REPORT OF SPECIAL JOINT COMMITTEE

Hon. Gildas L. Molgat: Honourable senators, I have a comment regarding *Debates of the Senate,* of Tuesday, April 10. The matter was brought to my attention yesterday by an honourable senator.

At the beginning of the sitting on April 10, the Leader of the Government in the Senate indicated that he would be tabling the response of the government to the report of the Special Joint Committee on Senate Reform. There was agreement and the response was printed. In the English edition of *Hansard* the letter is addressed to the Honourable Paul Cosgrove of the House of Commons. I was asked why the Senate was not included, and why the response was not made to both houses. The explanation is that, as is frequently the case with joint committees, one of the joint chairmen is English-speaking and the other is French-speaking. I was the French-speaking joint chairman. The letter I received from the Prime Minister's office was in French. Hence, I refer honourable senators to *Débats du Sénat.*

[*Translation*]

Honourable senators, that is the reason why the response seems to have been sent to each of the houses in one language only.

Honourable senators will therefore have to refer to both versions.

[*English*]

ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Earl A. Hastings: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Energy and Natural Resources have power to sit at four o'clock in the afternoon on Tuesday next, 17th April, 1984, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Duff Roblin (Deputy Leader of the Opposition): Before we consider the motion perhaps I could ask a question or two. Looking at our activities for next Tuesday, I find it is a pretty busy day. There is a meeting of the Agriculture, Fisheries and Forestry Committee at 9.30, of the Energy and Natural Resources Committee at 9.45, of the National Defence Committee at 10 o'clock and of the Social Affairs, Science and Technology Committee at 11 o'clock. This leaves us with four committees strung pretty closely together. We are now being asked to consider yet another one in the afternoon when the Senate is sitting. I point out that the Transport and Communications Committee is scheduled to meet at 1.30 p.m. This shows the pressure of attendance which is now being placed on the opposition to try and man all these committees.

I guess this is something like whistling in the wind! I will not get much of a response from anybody. However, I feel obliged to point out to members of this chamber that this move places us in a very difficult position indeed with four committees scheduled to meet in the morning and two in the afternoon, to say nothing of the Senate itself. What can be done to make these arrangements a little more practical from our point of view?

Hon. John M. Godfrey: Honourable senators, I would like to comment on this matter. Other than the very occasional time when there may be three committees sitting, ordinarily there is never more than two sitting at the same time. If two opposition members attend each of these committees then that accounts for only four senators out of 22 from the opposition. I do not see what strain that places on the opposition. I simply do not understand the attitude taken by the opposition that they cannot provide four people out of the 22 opposition senators.

Senator Roblin: I do not really think I will be able to satisfy Senator Godfrey with my reply, since he seems to have made up his mind already with respect to how this affects those of us who really have to do the work on this side of the house.

I should point out to my honourable friend that we are supposed to provide four people for each committee; and we do our very best to provide those four committee members. The people who belong to these committees wish to attend and do their part. If we were to follow my honourable friend's implied suggestion that we need not bother with all this, then it would soon reduce us to a pretty silly position.

I hope the Leader of the Government can offer me some comfort, even if he might not be able to oblige Senator Godfrey.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure I can offer anyone any comfort.

Hon. Robert Muir: Honourable senators, I rise on a point of order. My point of order is that I resent the statement made by Senator Godfrey. To be very diplomatic—he does not know what the hell he is talking about. If he looks at the number of senators on his side of the house and the number on our side he will understand there is no way we can continually attend these committees when, as our Deputy Leader says, they overlap. It is all right for him, he simply has to speak to his able Whip, Senator Petten, who sees that there are Liberals in attendance at these committee meetings.

Hon. Jack Marshall: He is only on one committee.

Senator Muir: Senator Godfrey is only on one committee. That makes somewhat of a difference, considering that we have to fill out the numbers on these committees with the number of senators we have on this side of the house. I think Senator Godfrey will understand that what I am trying to say is that it is not easy to have just two senators at each committee.

Senator Godfrey: Honourable senators, I am on three committees. I have had no problem whatsoever recently in attending the meetings of a fourth committee. I am speaking of the National Defence Committee, of which I am not a member. This is because the committees have not been that busy lately. In the recent past we have had two committees sitting at the same time and occasionally there have been difficulties in achieving a quorum of four with respect to each of these two committees. In other words, there were difficulties in finding eight senators out of 92 to make up a quorum with respect to only two committees sitting at the same time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to rise on a genuine point of order. The question is whether or not leave has been granted with respect to this motion.

Hon. Martial Asselin: It has been granted.

Senator Frith: If it has been granted then the motion can be put.

Motion agreed to.

• (1410)

HON. ROBERT MUIR

PRIVILEGE

Hon. Robert Muir: Honourable senators, I rise on a question of privilege. I would like to say to the Deputy Leader of the Government that I do not take his snide remark very kindly when he said, in a pontifical manner, "This is a genuine point of order." when he rose—do not shake your head; when you have spent as much time in this chamber and the other chamber as some of us, you will perhaps know a little more about it.

When senators are asked to be in three or four different places at one time, I am surely entitled to rise on a point of order. Perhaps only if you come from Big TO like Senator Godfrey, you can say, "I can be in three or four committees at one time." I do not understand how he can do that. Even when he is there, he is not contributing a great deal and I, for one, cannot see how we can divide ourselves into so many pieces, and I resent it, Mr. Speaker. I rose on a genuine point of order.

Hon. Royce Frith (Deputy Leader of the Government): I do not think it was.

Senator Muir: Of course, Senator Frith. It is my experience that you seem to differ on everything unless it is going your way.

[Senator Muir.]

Hon. John M. Godfrey: There is no question of a point of order; we were having a debate on a motion, and I joined in the debate.

I would also like to point out that, from 9.00 a.m. until 11.00 a.m. today, there were no committees meeting. We have all the time in the world for committee meetings.

ENERGY AND NATURAL RESOURCES

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

Hon. Earl A. Hastings: Honourable senators, may I state that, as a chairman, I do appreciate the co-operation that I have always received from members of the opposition in their attendance at meetings of committees.

Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That for the balance of the present Session, the Standing Senate Committee on Energy and Natural Resources have power to sit at four o'clock in the afternoon on Wednesdays, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think we would be well advised to consider this next week when we see what is going on in the committee.

CANADA HEALTH BILL

SECOND READING

On the order:

> Resuming the debate on the motion of the Honourable Senator Hébert, seconded by the Honourable Senator Thériault, for the second reading of the Bill C-3, intituled: "An Act relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof".—(*Honourable Senator Roblin P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I must say that, since all the big guns have spoken in this debate, there remains very little for me to do except, perhaps, to underline a couple of the points that have already been made in order to present the issue, at least as I see it, before the chamber.

It was interesting to hear Senator Hébert introduce this bill as he did, and although he spoke mostly in French, and I must admit that I probably did not appreciate each and every nuance of what he had to say and have not yet read the *Debates of the Senate*, I got the impression that he was pretty clearly in favour of the government line as laid down by Madame Bégin. That is not really very surprising, because

when a member introduces a bill into the house on behalf of the government, he usually approves of most of what that bill contains. In fact, if that member is a frontbencher, he approves of all of it without any problems at all.

However, occasionally, backbenchers have a licence to raise, perhaps, a question or two. It is not often done, I admit, if that is any comfort to Senator Hébert but I remember quite recently that when Senator Buckwold, as a backbencher, was introducing a bill, he was able to point out one or two possible deficiencies in the legislation.

Hon. H. A. Olson (Leader of the Government): There are no deficiencies in this bill.

Senator Roblin: That seems to be the assumption, that there are no deficiencies in this bill. What strikes me as curious is how the Leader of the Government can hold that view in any serious way after the representations that have been made in the pre-study of the bill itself. That is really the issue which I wish to address before I resume my seat. We got the pure, undiluted milk of the word from Senator Hébert, and I am not critical of him in that respect, because we have become accustomed to that. Perhaps if I ever get to sit on the other side of this chamber I will expect the same kind of treatment from some of the backbenchers on our side, so I shall reserve my position in that respect.

With respect to Senator Thériault, I appreciated his emphatic—and I underline that word—defence of the principle of medicare, medical services and hospital services that we have built up in this country. I know that he is sensitive to the fact that any hint of criticism of medicare at any level is capable of being interpreted, at least by him, as being anti-medical treatment, anti-hospital services and anti-medicare.

I suppose it is bootless to try to persuade him that people are entitled to a difference of opinion on matters of some importance in this field without, at the same time, going so far as to condemn or to dispense with or to divert our attention from our current situation with respect to that kind of social service to another situation that might be presented. It is bootless to try to persuade him, particularly if a Progressive Conservative makes that statement, because *ipso facto*, that proves we are against medicare.

However, let me say that it may be somewhat disappointing to some honourable senators on the other side to know that we are supporters of medicare; we are supporters of the health system; and we are supporters of the doctor system as well.

The thrust of this bill has been variously described to us and, of course, has to do with the question of extra-billing and user fees. The minister described the situation in the other place, and I hope I am not exaggerating when I say that she has characterized it as being "out of control"; yet when one examines the merits of the case or the details of the case, it is quite clear that the evidence is not completely convincing, to put it mildly, that the provinces are conspiring to deprive citizens of their proper access to medical and hospital services. I, for one, do not think that the situation is out of control.

Of course, there are other issues in this bill. The provinces made it clear that clause 2 concerned them to a large extent because it appears to change definitions, and when one changes definitions—particularly if those changes appear to enlarge definitions—then, of course, one is opening the door to new financial responsibilities because the definitions have been changed to expand the area of services.

Some provinces—and I am by no means competent to judge this matter in this chamber now—maintain that that expansion of the definitions found in clause 2 may have the effect of increasing their financial responsibilities without, at the same time, ensuring that the federal government itself recognizes their expenses as part of its fiscal sharing responsibility. That is an important issue and is one that should be carefully examined to determine the accuracy of the points of view.

There has been some discussion as to how one will settle wage rates and schedules with those involved in providing health services, including doctors. In clause 12 there is a very curious formula, although I know that its origin was not without the assistance of members from all political parties in the other place. I do not think it makes it any better because of that. This peculiar formula seems to say to me in its rather ambiguous form that one can have arbitration with doctors, if you like, but that if one does not like the arbitration, one has the power to annul the results.

It seems to me that one is either for arbitration or one is not; if one is for arbitration at stage one, and the answer is not satisfactory at the arbitration stage, one can annul that at stage two. That seems to be a doubtful recommendation to make to anyone, and when the annulment takes the form of an act of the provincial legislatures, the political fall out from that surely creates a situation which must be of concern.

There was a very interesting appeal made by the Province of Saskatchewan regarding who decides, because in this bill, if there are penalties to be imposed on the provinces, it is because the federal administration has decided that somebody is breaking the rules. In normal circumstances, one would expect the government to take that responsibility, but the fact is that we are dealing with two levels of government, one of whom is sovereign in the field, if I can use that term rather loosely, namely the provinces, and the other, the federal government, making a contribution by virtue of its federal spending power. In that situation it seems to me that it would be useful to consider whether there could be some method of arbitration, some appeal, some way of getting around the fact that the federal government is judge and jury in its own cause. That is not an unreasonable proposal. It came from one of the provinces and I, for one, would certainly like to see it given more consideration.

• (1420)

That does not go to the heart of the matter as far as I am concerned. These objections to the bill are perhaps well taken, and I have no hestitation in pointing them out to the chamber, but they do not go to the heart of the bill. What goes to the heart of the problem here is the overriding issue, which I ask this house to consider, of the appeal that the provinces made to

a committee of the Senate for more consideration and more consultation. That is the nub of my concern with this bill. I want to say that in the committee meeting, which I had the honour to attend, the provinces, without exception, insofar as I know, asked for more consultation. They gave no guarantee, nor do I give one, that more consultation would mean that there would be no problems left after the process was over. I do not think that is probable, but they did give the very clear impression—in fact they stated it in so many words—that progress could be achieved towards a closer meeting of minds in respect of the disputed portions of this bill if there were further opportunity for consultation, consideration and discussion.

It seems to me that we, in the Senate, must consider that appeal to us as a serious one. We must remember that we had before us, as others have said, probably for the first time as far as I am concerned, all the provinces coming to a Senate committee asking us to do something. They wanted us to do something about what? About the application of the federal spending power. That is what is at the back of the decision. That point was made very clearly by my colleague, Senator Tremblay, when he spoke about this the other day. Those of us who have been in this house for some time—at any rate since 1980—will remember that we had a committee of the Senate that looked into the question of certain aspects of the Canadian Constitution. One of the issues that they reviewed was the overriding federal spending power. If you look at page 5 of their report you will see that they analyzed this particular aspect of our Constitution and concluded that the federal spending power is one of those powers which should remain in our Constitution, and that it can be used, as it has been used and, no doubt, will be used for very good purposes. They point out that, essentially, it involves one of the central issues of the federal state, that is, how to reconcile the initiatives of the federal government with the views of those other governments which are not subordinate to the federal government in that field of activity. This committee to which our late lamented colleague, Senator Lamontagne, made such a great contribution, and to which, indeed, my colleague Senator Tremblay made a distinguished contribution, epitomized the matter in this way when talking about the spending power:

> So the problem remains of harmonizing the exercise of these overriding federal powers with the principle of non-subordination.

That is a central problem of the Canadian federation and it is at the heart of the difficulty which some of us see in this bill today.

What is the role of the Senate? The Lamontagne report contained certain recommendations about the role of the Senate, but we have a far more authoritative statement than that about the role of the Senate. That is contained in the report that was made by the Special Joint Committee on Senate Reform, copies of which we received courtesy of Senator Molgat a short time ago, which dealt with the constitutional position of the Senate and what it is supposed to do. The most important function of the Senate, as defined by that special joint committee has to do with the primary role of the Senate in this whole field of regional representation. That is at the heart of the issue as I see it today. Not only that, yesterday the Prime Minister offered his commentary on the report of the Special Joint Committee on Senate Reform when he said:

> I think your recommendation for an elected Senate should be understood in relation to your strong recommendation that the reformed Senate's primary role should be regional representation.

He then goes on to say that he endorses that view of our responsibilities.

Honourable senators, if any of these things have any merit—if the studies that have been made and our own reflections upon our function and capacity have any real meaning—then they have a relationship to what went on in that committee the other day. They have a relationship when one considers that all of the provinces appeared before the Senate committee and asked the Senate to do something. I think that the provinces expressed a vote of confidence in the Senate which I have never heard before, in that they came to this body actually expecting us to do something. They came to this body actually expecting the Senate to consider its role in respect of regional representation and to express that in an effective way.

Hon. Martial Asselin: That was the first time.

Senator Roblin: For the first time, my colleague says; as far as I know, it is the first time. At that committee meeting there was indicated an expression of confidence—or, perhaps, hope, I am not sure which word is more correct—in respect of what the Senate is supposed to do in the parliamentary system of Canada and in our whole system of government. It seems that they understand that we have a responsibility to see that regional views are adequately considered. It seems that they have an understanding of the fact that sober second thought is a part of the responsibility of the Senate, which certainly implies to me that these sober second thoughts should be timely and effective. But what the committee has done is rush to lock the door after the horse is gone. The committee is recommending that we pass the bill, after which we will have a look at all of these great problems and see if we can do something about them.

I suppose that the first thing that statement does is admit that there is a problem. But it seems to me that we salve our consciences by saying that, although there is a problem, we are not going to do anything about it right now. Later on we may get around to it—and probably we will get around to it and will likely do some good; I hope we will—but effectively, today, in the face of the appeal of the provinces, we are not offering to do very much.

Honourable senators, we have heard this appeal but it looks to me as though we are not going to respond to it. If anyone wishes to take the view that the Senate is, indeed, the fifth wheel of the constitutional chariot, this will certainly give such a person some ammunition when considering this particular problem. One has to ask oneself this question: If this is the

result of a unanimous appeal by the provinces when coming to a committee of the Senate that we hear but do not respond to in any effective way, when we will see them again? I wonder when they will come again before this body to present a united view in the hope that we will exercise our constitutional responsibility. I do not think the outlook is very bright. I think that they are going to write us off as a lost cause. They are going to say that what the Senate does is certainly a little different from the constitutional responsibility which it has and which they themselves accept as part of their job—regional representation and the question of sober second thought.

Honourable senators, I think that is all I want to say on this difficult issue this afternoon. It seems to me, at any rate, that the Senate is less than forthcoming with respect to its role in the constitutional process; it is less than forthcoming in its response to the provinces. While this bill may receive second reading this afternoon—and I really expect that it will—it seems to me that we should not allow ourselves to be locked into a position now from which nothing further can be done.

I therefore have a proposal to make to the Leader of the Government and to those on the other side, and it is this; after this bill receives second reading—as I expect it will quite shortly—I think they should give some thought to what they do with it. I would hope that they would not send it back to the Committee on Social Affairs, Science and Technology. Although, in the first instance, it is within the jurisdiction of that committee, I would like to see the bill sent to the Standing Senate Committee on Legal and Constitutional Affairs. That is the committee which has been discussing the function of the Senate in the federal parliamentary system; that is the committee which deals with subjects like the federal spending power and how the Senate can help make things run a little more smoothly as between the federal and provincial governments. I think that that committee can probably make some contribution to a positive response to the provinces, which, so far, we have not been able to find or which has not been approved by a majority of this house. I do not give up the thought or the hope that, if the bill were referred to the Legal and Constitutional Affairs Committee, we might find some way in which to give the provinces what they have asked for, which is more consultation and a greater consideration by the federal authorities of the provincial authorities' point of view. I do not know what will happen, but I believe it is worth a try. Therefore, honourable senators, I hope that when this bill is disposed of at this stage, we will not let the opportunity slip by of having this matter examined for its constitutional implications in respect of the role of the Senate, rather than merely to treat it as another bill going through the hopper.

• (1430)

Some Hon. Senators: Hear, hear.

Hon. John M. Godfrey: Honourable senators, may I ask the Deputy Leader of the Opposition a question?

Senator Roblin: Yes.

Senator Godfrey: The primary role of the Senate should be regional representation. The honourable senator may recall that I had a motion on the Order Paper for over a year to the effect that, as a general policy, where provinces were particularly interested in a subject, and wherever practicable, they should be invited to appear before the committee. I received support for the general idea, but I could get no support to pass that motion formally—which was almost a motherhood resolution—as a resolution of the Senate.

Hon. Martial Asselin: You will have to speak to your leader first.

Senator Godfrey: In view of what the Deputy Leader of the Opposition has said, and the fact that I have already announced that I shall reintroduce that motion, can we expect his support of that motion when it is reintroduced in the Senate?

Senator Roblin: If my honourable friend has the opportunity to appear before the Standing Senate Committee on Legal and Constitutional Affairs, as I suggest, then his constructive and attractive suggestion will receive the consideration it deserves.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the first point raised by Senator Roblin, namely, that he is afraid that the provinces will never again appear before Senate committees because we didn't do what they asked us to do, I hope that is not the inference. They were heard, and, of course, they can hold the view that "Although we appeared before the Senate committee and they gave us a hearing, the government did not agree with what we were suggesting, and therefore there is no point in our going there". If the only reason they wished to appear before the committee was to receive support for whatever they suggested, then I suppose it is reasonable to expect that they may not come very often. But, on behalf of the government, I hope that they will continue to appear before our committees and that there will be occasions when we can support their suggestions. This happens not to be one of those occasions.

On the question of the reference to the Legal and Constitutional Affairs Committee, I discussed that matter with Senator Flynn yesterday, and I see some merit in the suggestion of having the overall question of our relationship with the provinces considered by that comnmittee, which, under our rules, deals with federal-provincial relations.

However, I feel that in this case the subject matter of the bill has been studied by the Social Affairs Committee and, if more detailed study is necessary, it should be considered by the committee in whose mandate the subject principally falls. It seems to me that we cannot work with the concept that each time a bill raises a question of federal-provincial relations, it should go to the Legal and Constitutional Affairs Committee, since that question applies to so many bills. At some appropriate time—and this is not considered to be that time—the committee might very well study that dimension.

Senator Hébert: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Hébert speaks now, his speech

will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Ann Elizabeth Bell: Honourable senators, before the honourable senator proceeds, may I ask him a question based on a letter written by Dr. Baltzan, Past President of the Canadian Medical Association. I should like to have Dr. Baltzan's point of view answered, because I feel some unease about the rather swift way that we are dealing with this bill. I realize that the bill has been considered in the other place for some time, but, as honourable senators are aware, we have not yet received the published report of the committee dealing with the evidence given by the provincial health ministers. Therefore, those of us who were unable to attend that meeting have not been able to review the questioning.

I should like to ask the honourable senator to comment on Dr. Baltzan's statement. Referring to the excellent health care system existing in Canada, his letter says:

> All these successes, humanitarian and financial, could not have been achieved without the dedication and co-operation of physicians. This occurred because of the unique nature of the system that we Canadians have devised: Unique because of an extensive government role but without compulsion and authoritarian regulation.
>
> The Canada Health Act will change all this. It will remove the freedom of choice and compel physicians to enroll in the government plan; there is no other means to achieve the aim of the act. It will lessen doctors' civil rights compared with those enjoyed by other citizens; nobody else in peacetime has been conscripted into government service. And in reality it will lessen everybody's civil rights: What can happen to one group can happen to all.
>
> Canadians have benefited enormously from a health care system that is manned by volunteers. It is unlikely that the same benefits will result from a system manned by demoralized conscripts.

In another part of the letter, it says:

> What is broken and badly in need of fixing—

Excluding the obvious things such as the current economic situation:

> —is serious underfunding of hospital care for capital and operating purposes.

In his letter, Dr. Baltzan also says:

> Before coming to a decision on this act, two bits of common horse sense should be considered.
>
> First, extra-billing may have some defects, but is the cure worse than the disease?

I might say that in British Columbia we do not have extra billing. We do have a very modest user fee to which no one objects. The letter continues to say that the answer to the question as to whether the cure is worse than the disease is an overwhelming "yes." It continues:

> Second, "if it ain't broke, don't fix it," Medicare in Canada is not broken, nor even bent.

[The Hon. the Speaker.]

I should like to hear some comments from the honourable senator on Dr. Baltzan's observations.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I would say quite simply to Senator Bell that I think I anticipated her concerns in my speech yesterday. My very brief remarks today ought to complete my answer.

In his comments yesterday, Senator Flynn tried to justify his suggestion—that we ought to delay the adoption of Bill C-3—by raising arguments which, in my opinion, were specious or doubtful at best.

Today, Senator Roblin echoed the views of his colleague, but in more carefully chosen words, as he is wont to do.

Among other things, Senator Flynn referred to the issue of direct costs—negligible, according to him. He championed the cause of the provincial Ministers of Health who have decried the lack of consultation. He also maintained that the bill does not take into consideration the current and future problems of the Canadian health system.

[*English*]

Although my remarks covered a broad range of the issues, and although my honourable colleagues and seconder of the motion, Senator Thériault, responded eloquently and positively to the points raised by Senator Flynn, I should like to add a few remarks for the record.

Senator Flynn, in speaking of extra billing and user charges, suggested that in aggregate $100 million to $150 million were insignificant in relation to the total cost of health care. Yes, it is true that such amounts are insignificant in total. However, Canadians who suffer from recurring illness, or require a long period of convalescence following a stroke or heart attack, can be faced with a very heavy financial burden depending on where the illness occurs, what kind of physician services they require, and the number of treatments that may be required. This is partly an answer to questions raised by Senator Bell.

The issue is not a fiscal issue. It is a very human issue for the ordinary man on the street.

[*Translation*]

In the eyes of the patients, user fees and extra-billing are one and the same thing. They are additional costs which they must bear even though they have already paid for their health care plan by way of federal or provincial taxes.

For the consumer, the fact that these additional charges are collected by the provincial government through the hospital system or by the physicians after a visit to their office is not important. It is an additional and often unexpected bill that has to be paid.

As we all know, most Canadian families could not pay the actual costs of health care. Collectively, they have to rely on the health insurance plan. Sometimes, they may not understand how this plan works exactly, or they may be unable to express their concerns, or they may not know what is the actual cost of health care and how it is financed. Nevertheless, Canadians know that they have one of the best health care

systems in the world, that the care they receive is paid for in advance and that it is free whenever they need it.

We must also take into consideration the overall effect of these additional costs on a universal health insurance plan. If direct costs are to be still more generalized, the well organized groups will require additional private insurance coverage to protect themselves. When you have money, you can always find a solution. If insurance of this type were to become available, the deterrent effect would cease to exist for those who would be covered, while the poor and the senior citizens would have some fees to pay each time they are sick. The fact is that the protection provided by private insurance has already appeared in the form of plans which offer cash benefits.

● (1440)

[*English*]

The Canada Health Act is preventative in that regard, not punitive. I certainly hope that concept can be grasped by honourable senators. We, above all, should know and understand that Canadians are a caring and sharing society, concerned about the plight of individuals and families who have the misfortune of illness. Surely we should not regard this issue as insignificant.

I should touch briefly upon the issue of consultation which was raised again by Senator Roblin, both as it relates to the process leading up to this bill and within the context of the bill itself.

During her appearance before the Senate committee, the Honourable Monique Bégin spoke at length about the process of consultation, public discussion and debate leading up to this bill. I will not repeat the long history but will simply refer you to the Senate committee proceedings of Wednesday, March 21, 1984. In January, the minister met with all provincial health ministers to discuss the bill itself and, indeed, the draft regulations. A number of significant amendments were made to the bill in response to those concerns and were introduced by the government at second reading stage. These included building in a three-part consultation process in section 14; a 30 day waiting period to allow public and parliamentary debate before a cabinet order takes effect; required consultation on estimates of user charges and extra-billing; significant alteration to the regulatory powers in section 22, eliminating some, making some subject to provincial agreement or, at least, prior consultation; defining precise limits on long-term chronic care user charges in section 19.2; modifying the preamble, purposes and objectives of the bill to remove wording found objectionable to some provinces; limiting visibility to public documents and subject to consultation; and removing "adequate" payment from section 12 to alleviate fears of the provinces that the federal government could act as a budget appeal board.

These points illustrate, I believe, that the government did consult and did listen to the provinces in the process of drafting this bill. Moreover, it shows that the federal government is required by law to consult and achieve agreement in some instances before acting to protect the fundamental principles of medicare. In summary, there has been significant consultation, negotiation and discussion in bringing this bill to this stage and there are several safeguards in the bill itself requiring consultation, communication and information exchange between the governments.

A final point that I would like to draw to the attention of honourable senators is what transpired in the other place. To suggest that a bill that was passed unanimously by all parties does not reflect the regional interests of the country is, I think, an effrontery to the principles of democratic, parliamentary government. The vote was 213 to 0. This rare expression of unanimity has occurred before. In 1957, the House of Commons voted 157 to 0 in favour of the Hospital Insurance and Diagnostic Services Act, despite the objections of some provinces. In 1966, the Medical Care Act passed the house at third reading by a vote of 177 to 2.

This bill consolidates these two pieces of legislation, safeguards the fundamental principles of medicare and, obviously, still enjoys the unanimous support of all parties, from all regions. This institution represents the people of the regions, not provincial governments *per se,* and it would be remiss in its responsibilities if it failed to take into consideration the popular public support for this legislation.

Senator Flynn focused many of his remarks on what this bill does not do for health care now or for the future. Critics usually resort to two standard lines of argument: "Too little too late" and "Too far too fast."

[*Translation*]

During the debate on Bill C-3, several senators suggested that the services covered under the federal act be extended to include new fields such as preventive medicine, health promotion, community services and so on. Other issues raised included our aging population, the use of new technology, environmental impact, ways of life and many more.

Since the ambit of Bill C-3 is rather limited, it was obviously impossible to entertain all those worthy suggestions. Suffice it to recall that the purpose of Bill C-3 is to consolidate the existing legislation and take steps to end extra-billing and user charges. It is not intended to expand services covered under the act.

The fact remains, of course, that much remains to be done in the future to improve the health of Canadians. It is important to explore all new ideas in that respect.

The national health insurance program provides the basic services available to all Canadian residents, namely hospital and medical care. Still, many more health services are necessary as well, besides hospital and medical care.

It is imperative to initiate a dialogue among all parties involved—on that we agree—namely the federal and provincial governments, health practitioners, patients and the general public. All those groups share common objectives, but take different means to reach them.

Discussions on Bill C-3 gave us an opportunity to advocate fresh ideas and they should continue.

The Minister of Health proposed a national health conference of all interested parties and partners in the health system. The conference would be a forum to debate all health issues and lead to recommendations for future action. For his part, Senator Bonnell, Chairman of our Standing Committee on Social Affairs, Science and Technology, made a similar suggestion to establish a standing Senate committee.

I fully agree with the suggestions made by Miss Bégin and Senator Bonnell. I firmly believe that it is the way to develop a health system more appropriately geared to the needs of Canadians. Once the foundation or the base is set through the adoption of Bill C-3, that national forum will be the next step.

I commend the Standing Committee on Social Affairs, Science and Technology for its sustained interest in and commitment to an overall health policy for Canadians, and I am in favour of giving the Senate a permanent role in such an endeavour.

[*English*]

As I stated yesterday, as a Canadian I am proud to support this bill.

• (1450)

Bill C-3 is an essential reaffirmation by Canadians of the endearing values that led to the creation of medicare in the first place. Canadians are a caring, sharing society.

The bill, although at times controversial, enjoys the support of a broad spectrum and a vast majority of Canadians, not to mention all the parties in the other place.

I recall that both of its ancestors—the Hospital Insurance and Diagnostic Services Act and the Medical Care Act were passed through parliament virtually unanimously and both received Senate approval expeditiously.

I hope, and trust, that this will again be the case and that the proposed Canada Health Act will be passed by the Senate unanimously.

Hon. Senators: Hear, hear.

Motion agreed to and bill read the second time.

[*Translation*]

REFERRED TO COMMITTEE

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

Senator Hébert moved that Bill C-3 be referred to the Standing Committee on Social Affairs, Science and Technology.

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

[*English*]

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the chairman of the committee or the sponsor of the bill. Will the Minister of National Health and Welfare appear before the committee? Senators on this side of the house would particularly like the opportunity to question her again with respect to meeting with the provinces. During the last committee hearings representatives of the provinces stated their willingness and desire to meet with the minister.

I would also like to know whether or not law officers of the Crown will be present. There are a number of points which must be clarified. Honourable senators will recall that the provinces questioned clause 12(2) which deals with binding arbitration. Senators on this side of the house would like to have clarification of these points, and others, at the next committee meeting.

Hon. M. Lorne Bonnell: Honourable senators, the bill has just been given second reading and it has been moved that it be referred to committee. In anticipation of that, we have called a meeting for Tuesday next at 11 o'clock in the morning in the hope that Senator Phillips, the deputy chairman of the committee, will be there. At that time we hope to hear from officials from the Department of National Health and Welfare. We will endeavour to have the minister there as well. We will also try to have in attendance representatives from the Department of Justice, who might be able to answer honourable senators' questions. I hope at that time Senator Phillip's questions will be answered to his satisfaction.

Senator Phillips: The honourable senator says that he hopes my questions will be answered to my satisfaction. I anticipate, then, that there will be considerable improvement made to the bill in the committee.

Senator Bonnell: Honourable senators, if I might just respond to Senator Phillips, there cannot be much improvement when you get so good that you cannot get better. I can see that it may be difficult to satisfy Senator Phillips, although I think most of the members of the committee will be satisfied.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have almost a request for the committee chairman.

Would it be possible for the committee to hold its meeting at 11.30 a.m. instead of 11 o'clock?

In order for me to attend the committee meeting at 11 o'clock, I would have to leave home the day before: on the other hand, if the committee held its meeting at 11.30 a.m., thanks to the airline timetable, I could leave home in the morning. I was wondering if holding the committee meeting at 11.30 would cause serious problems.

Senator Frith: Would the minister appear at the end of the meeting?

Senator Tremblay: Yes. As the Minister of Health would possibly, if not probably, be present when the meeting starts, I would not want to miss her.

So, if the meeting starts at 11 o'clock and the minister came at 11.30, there would be no problem. On the other hand, if the minister came at 11 o'clock and by 11.30, she had already given the major part of her testimony, then I would have a problem. That is why I should like either the meeting to begin at 11.30, or the minister not to come before 11.30.

[*English*]

Senator Frith: Honourable senators, I wonder if questions about the timing of the meeting and changes thereto could be discussed between Senator Tremblay and the chairman of the committee after our sitting today. There may well be other problems of convenience and timing which can be taken care of later. I am sure that if the convenience of Senator Tremblay, or other senators, or of the minister is in question then that can be worked out that way.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, April 17, 1984 at two o'clock in the afternoon.

Honourable senators, I will explain if leave is granted.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, on Tuesday next we hope to receive the report of the Social Affairs, Science and Technology Committee with respect to Bill C-3 and to give the bill third reading that day. If that is not possible then the bill will be read a third time on Wednesday.

Convening at 2 o'clock will allow us the opportunity to have Royal Assent given to the bill on Tuesday. If we were to sit at 8 o'clock on Tuesday evening then that would not be possible, because the other place does not sit evenings. It is not certain, of course, that the bill will be given third reading on Tuesday.

If no other business comes before us with which we must deal, and we manage to deal with and have Royal Assent given to Bill C-3 on Tuesday, then there is the possibility that we will adjourn on Tuesday instead of Wednesday, until May 8, 1984, according to the understanding between the Leader of the Government and the Leader of the Opposition.

Motion agreed to.

● (1500)

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

On the order:

> Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Hébert, for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Anderson*).

Hon. Margaret Anderson: Honourable senators, I am pleased to participate this afternoon in the debate on the Address in Reply to the Speech from the Throne. The program outlined is an extensive one, and I shall deal only with a few of the major sections.

First, we must commend the government and the Prime Minister for taking the initiative in the search for a method to reduce international tensions, and pledging to continue the search for some way to slow the arms race and halt the spread of nuclear weapons. It is appalling to think that, while medicine and science are today working frantically for cures for life-threatening disease, struggling to save the accident victim, and working to improve the health of the nation, hundreds of thousands—millions—are being killed in wars and revolutions around the globe.

Here in Canada, where we follow with anxiety and sympathy the day-to-day news reports of the struggle for life of perhaps one small child, it is hard to comprehend the criminal waste of human life in other parts of the world and the untold suffering of the survivors. And all of this involves what we call "conventional" weapons. A nuclear war would be so final!

Global peace is hanging by a thread. There is only one safeguard: Fear, the fear of an aggressor that reprisal would be swift and devastating. The free nations must be prepared and continually on guard.

Canada will continue to work towards a measure of stability through peacekeeping operations under control of the United Nations. Commitments to the North Atlantic Treaty Organization and the North American Defence Command will be met, and defensive expenditures will be maintained and increased. Canadians can be proud of the part our country has always played in the defence of freedom; but it has not been without great sacrifice. Canada's five Books of Remembrance, which lie in the Memorial Chamber in the Peace Tower, show how high was the price paid.

June 6 of this year will be the fortieth anniversary of the allied attack on Hitler's Fortress Europe—one of the most fateful periods in modern times. The assault on Europe was the beginning of the end of World War 11.

The North Shore (New Brunswick) Regiment was one of the four Canadian regiments that led the D-Day assault wave on the beaches of Normandy 40 years ago, and there is still a great deal of interest in those far-off events. Fortieth anniversary D-Day ceremonies are being held in France this June, 1984, and the whole Normandy area is preparing for a great wave of thousands of returning veterans from all the allied nations for the largest and, perhaps, the last reunion. All the allied forces will be represented at these D-Day ceremonies, and it is hoped that the Canadian forces which took part in the operation will be well represented.

In the Speech from the Throne, the program for continuing the drive towards security for all Canadians is an extensive one, and I shall not deal with all the goals which were outlined. However, I shall refer to some. The health care system must be preserved. I believe this to be imperative. A constant

chipping away could lead to its destruction. Medical costs, as we all know, are rising but a way must be found to meet them. Medical care is as fundamental as education, and should be equally available to every citizen. The government will continue its efforts to help reduce long-term costs of health care by prevention programs and other means.

Coupled with continued health care will be increased supplements for those elderly most in need. Also, reforms will be sought to improve pension standards. This portion of the budget will be of particular interest to Senator Croll. Honourable senators will recall the report of the Special Senate Committee on Retirement Age Policies of which he was chairman. At that time, flaws in the pension system were pointed out and recommendations made for changes.

At this time, the immediate concern of the government is the need for increased employment, and it has outlined the direction it wishes to take in this regard. Additional funds will be allocated to works programs. A Youth Opportunity Fund will assist young Canadians to acquire new skills and find employment.

The importance of small business is recognized, and access to federal programs will be improved. Productivity will be encouraged. The program for export market development will be extended in order to find additional markets, and to support and encourage trading.

Further measures will be introduced to modernize and upgrade the fishery, forestry, mining and agricultural industries. All of these industries are of major importance to New Brunswick and to my area of Northumberland-Miramichi, but forestry is of particular interest to me. It is New Brunswick's largest industry, embracing pulp and paper mills, sawmills, and planing mills, plywood and veneer mills and other primary and secondary wood industries. It employs, directly or indirectly, one in seven of our labour force and accounts for 38 per cent of our province's exports. In fact, forestry is also the most important industry to Canada as a whole, and is the major contributor to our balance of trade.

Approximately 87 per cent of New Brunswick land is classed as forest land suitable for regular harvest. Forty-six per cent of the forest land is owned by the Crown, and administered and managed by the province through the Department of Natural Resources. Together, Crown lands and large industrial lands represent 70 per cent of the timberland in New Brunswick. The balance is owned by small non-industrial woodlot owners.

Years ago, planting trees was not the imperative matter it is today. The business of cutting trees was more selective. However, with the tremendous increase in demand and the advent of huge harvesting machinery, this is no longer feasible and, in many areas, clear-cutting has of necessity become the order of the day. Hence, reforestation is now of prime importance.

The danger of continued depletion of this natural resource has long been recognized, and successive governments of New Brunswick have taken firm steps to protect the forests. The industrial timberland operators also know that reforestation is of prime importance and programs are under way. One company has been planting trees since 1958.

To combat the spruce budworm, which is perhaps the greatest threat to our forests in living memory, a forest-spraying program has been carried on continuously for over 30 years, since 1952.

To help keep fire losses to a minimum, a fleet of water bombers has been maintained and is on constant alert during the fire danger period. It has been of very real value.

In 1979 a large-scale regeneration program was initiated by the Department of Natural Resources and funded under a federal-provincial agreement. Under this plan, many millions of seedlings have been planted each year. This program will be continued and expanded. Left to nature, trees would take from 50 to 70 years or longer for growth, depending on the species and market requirement. With systematic planting and the superior and hardier type of tree developed by research, it is expected some areas will be ready for harvest in 35 to 50 years.

● (1510)

One of the new programs introduced in the budget—the Conservation Corps to employ Canadians in reforestation and national park development—will be of great assistance to New Brunswick as well as to other provinces.

In forest research, New Brunswick and the Maritimes have been in the forefront. The Maritime Forest Ranger School is located at Fredericton, our capital city, and since 1946 has been training its foresters in the University of New Brunswick's forest. This forest of 3,600 acres has been used for 50 years for the training of foresters. The construction of a new forest ranger school is to be started shortly in the present complex at Fredericton. This is under a federal-provincial cost-sharing agreement recently negotiated between Ottawa and the Council of Maritime Premiers.

The University of New Brunswick offers undergraduate and graduate courses in forestry leading to a Bachelor of Science degree in Forestry and a Master of Science degree. Degree training was first offered by the University of New Brunswick in 1908. Honourable senators will be interested to know that the late Senator Percy Burchill was a member of the first graduating class in forestry in 1910.

Before concluding, I must refer to New Brunswick's bicentennial—the 200th anniversary of the founding of New Brunswick as a separate and distinct province. On the 13th of June 1784, His Majesty, King George III, with the advice of his Privy Council, gave approval for a government to be established under the name of New Brunswick. And now, 200 years later, 1984, the province is having a year-long celebration of thanksgiving and rejoicing. Everyone is joining in—towns and cities, villages and municipalities, churches, organizations, clubs, families and individuals.

Hundreds of events have been planned and are being spread over the entire year. There will be something for everyone and it is hoped that the many visitors to the province this year will join in the festivities.

We are very proud and happy that our Sovereign, Queen Elizabeth II, and Prince Philip, will help us celebrate by visiting New Brunswick in July. We are also all looking forward with joyful anticipation to the historic visit to our province in September of His Holiness Pope John Paul II. Truly, it will be a great year for New Brunswick.

In closing, I wish to again draw attention to the many excellent programs contained in the Speech from the Throne and I trust the necessary support will be given to implement them.

Motion agreed to, and the Address in reply to the Speech from the Throne adopted.

On motion of the Honourable Royce Frith, ordered that the Address be engrossed and presented to His Excellency the Governor General by the Honourable the Speaker.

MARITIME DEFENCE

REPORT OF FOREIGN AFFAIRS COMMITTEE

On the Inquiry of the Honourable Senator Olson, P.C.:

That he will call the attention of the Senate to the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canada's Maritime Defence", tabled in the Senate on 15th June, 1983.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this Inquiry was referred to earlier today when Senator Olson tabled a document representing the response of the minister and the government to the report of the Subcommittee on National Defence.

I am now speaking on this Inquiry on behalf of Senator Olson. I believe the best procedure is to have this Inquiry appear on the Orders of the Day, with the material that was tabled earlier as material for its debate. So, if we can consider the debate now launched on this Inquiry, I will ask Senator Macdonald if he will agree to adjourn the debate.

On motion of Senator Macdonald, debate adjourned.

INTER-PARLIAMENTARY UNION

SEVENTIETH ANNUAL CONFERENCE, SEOUL, KOREA—DEBATE ADJOURNED

Hon. Peter Bosa rose pursuant to notice of April 5, 1984:

That he will call the attention of the Senate to the Seventieth Annual Conference of the Inter-Parliamentary Union held at Seoul, Korea, 4th to 12th October, 1983, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada, and to the delegation's visit to China and their meetings with the officials of that country.

He said: Honourable senators, it is my privilege today to present to the Senate my report on the Seventieth Inter-Parliamentary Union Conference held in Seoul, Korea between October 4 and October 12, 1983.

The Canadian delegation was composed of 11 parliamentarians, headed by Marcel Prud'homme and Allan Lawrence, the chairman and vice-chairman, respectively. Other members of the Canadian delegation were Senator Asselin, Senator Rowe and myself from the Senate and Messrs. Bujold, Gauthier, Halliday, Landers, Neil and Waddell from the House of Commons. Accompanying the delegation were Martin Lavoie and Roger Hill, executive secretary and adviser, respectively, to the delegation. Also accompanying the group were Charles Lussier, Clerk of the Senate, who attended the meetings of the Association of Secretaries-General of Parliaments, together with Claude Desrosiers, Principal Clerk of the House of Commons, and Walter Dean, Assistant to the Clerk of the Parliaments.

Before I deal with the subject matter of the conference, I should like to make a few brief remarks regarding the Republic of South Korea and its people.

First, some statistical information. South Korea is slightly smaller than the island of Newfoundland. It has an area of 98,313 square kilometers, with a population of 40,100,000, according to the 1981 census. Its gross national product in 1982 was $63.8 billion, with a per capita income of $1,627 in U.S. dollars. The Koreans have an export led economy based on a comparative advantage in labour-intensive light industries and, increasingly skill-intensive heavy industry.

• (1520)

Korea is a constitutional republic with an elected national assembly with power centralized in a strong executive. The current President is the Honourable Chun Doo Hwan. Koreans are followers of four different religions: Animism, Confucianism, Buddhism and Christianity. Their language belongs to the Ural-Altaic group.

Koreans are sturdy, brave, courageous and hard-working people. They have been tempered by a history of invasions and tragedy. Nowhere is the tragedy of their recent past more evident than in the Plaza of Hope situated not far from their Parliament Buildings in Seoul. In the plaza are many rows of racks protected by a platform roof where there are hundreds of thousands of posters seeking information about lost family members and relatives who became separated during the last murderous and fratricidal war which ended in 1953. The plaza, spacious as it is, does not provide sufficient space to accommodate the demand, so that the display of posters spills over onto makeshift racks for several blocks in both directions and on both sides of a nearby street.

A couple of years ago a national television station, KBS, embarked on the idea of promoting family reunification by interviewing people who were seeking information about their relatives. This prompted an immediate public response with an avalanche of inquiries. The program was an instant success. Approximately 8,500 people have already been reunited as a result of this initiative taken by that station. A typical notice might read as follows: "My four year-old brother Kim and I were crossing a river on such a date and such a place when a series of explosions occurred. We became separated and we never saw each other again. In 1982 Kim would have been 34

years old. Anyone knowing a person of similar age, please contact, etc."

As we were led through the Plaza of Hope by Mr. Da-wan Pong, the Chairman of the Parliamentary Foreign Affairs Committee, we saw an interview on a nearby television studio of two sisters who had been reunited after 30 years, while outside thousands of people moved from poster to poster in search of something that might lead them to a reunion with their loved ones.

The capital of the Republic of Korea, Seoul, had approximately 400 buildings left standing at the cessation of hostilities in 1953. Today it is a modern, bustling and thriving city of 9 million people. For the casual visitor to this city, it is difficult to perceive the anxiety that the Koreans feel at being just 40 kilometres away from the demilitarized zone, a strip of land 4 kilometres wide acting as a buffer that divides the peninsula into two separate states, North and South Korea. Today there are still some 40,000 American troops stationed in Korea to bolster its defence against a possible invasion from the north. At Panmunjom, where the truce was signed in 1953, the international commission supervises the frequent meetings that take place at the demarcation line between the two opposing forces. Thirty years after the end of hostilities in 1953, the world has mostly forgotten that the Korean people still live with this daily drama.

The Inter-Parliamentary Union Conference came on the heels of the downing of the 747 Korean airliner by the Russians. This tragic event with the loss of 269 lives had a major impact on the conference. The Soviet Union, its allies and close associates, stayed away as a result of this incident. This meant that one of the three major groups of delegations was absent. Tragedy struck again on Sunday October 9 when in Burma an assassination attempt on the President of South Korea resulted in the death of several Korean cabinet ministers, officials and aids. Furthermore, the Korean parliamentarians at the conference numbered the deceased among their personal friends, and the bombing caused them great anguish and distress.

Despite this tragedy, the Korean members expressed their determination to carry on with the conference and, in fact, did so with great dignity. They won the sympathy of the entire gathering, which seemed to feel a genuine respect for the courage they displayed in their time of trouble. During a special two-hour plenary session the following day, the members of a number of visiting delegations expressed their sympathy to the Korean people. Congressman Claude Pepper of the United States, and Dr. Hans Sterchen of the Federal Republic of Germany, spoke on behalf of the Ten-Plus group in very eloquent and moving terms.

The Korean members and their officials worked very hard to host the I.P.U. Conference. It was an important political event for the Korean Parliament and government. They succeeded in overcoming the opposition of the North Koreans, and some of their allies, who had attempted to persuade the Inter-Parliamentary Union and its members to select an alternative venue. In this battle, however, the South Koreans were not alone. They had the overwhelming endorsement of most of the members of the I.P.U. and the Canadian delegation was amongst the foremost in its support of accepting the South Korean invitation to hold the conference in Seoul.

The South Korean attitude was reflected in the hospitality that they extended to the Canadian delegation on their arrival in Seoul and throughout the duration of the conference. At all times it was warm and dignified. As a result, delegates taking part in the debates of the conference invariably prefaced their remarks, as did our Canadian delegates, by congratulating the South Korean organizing committee for the superlative job they had done in preparing such a major event.

The various sessions of the conference dealt with a series of topics, and on many of those topics the Canadian delegation took a leading role. You will be gratified to learn that your colleagues from the Senate were prominent in this work. My own involvement in the conference, in addition to being a rapporteur, related to the drafting of the resolution calling for the strengthening of what should be the world's august organization, the United Nations. My initial involvement with this subject was at a meeting of the delegation here in Ottawa at which topics were discussed before being presented in Rome in 1982 to be considered for future Inter-Parliamentary Union conferences. On that occasion I suggested the discussion of a draft resolution on the strengthening of the United Nations so that it could more effectively deal with international conflicts.

Subsequently, my topic became the subject of substantial work and deliberations at the spring meeting between April 25 and 28 in Helsinki. I believe that the work carried out at the Helsinki meeting was a significant manifestation of the determination of member groups to solve this serious problem that faces mankind. It showed a commitment and an undertaking on their part to work diligently in order to strengthen the only international institution which has the potential of creating a more peaceful and secure future for ourselves and generations to come. This resolution essentially proposed the bolstering of the existing United Nations by limited improvement rather than trying to restructure the entire system. Its details were worked out as a result of the efforts of two committees, namely, the Committee of Political Questions, International Security and Disarmament, and the Committee on Parliamentary Juridical and Human Rights Questions. These two committees met under the chairmanship of Mr. G. Andreotti of Italy and Mr. A. Ghalanos of Cyprus during the Helsinki Conference. They considered 18 memoranda on the subject and 15 proposed draft resolutions by 22 different countries, including Canada, as well as a memorandum and draft resolution presented by Mr. S. Escutia of France. The committees proceeded with a debate on the subject in which 58 speakers participated. They drew attention to the need of reaffirming the principles of the United Nations Charter as well as the urgent necessity to reduce tension in a rapidly deteriorating international situation.

● (1530)

Following the debate, a drafting committee of 11 members was appointed which consisted of delegates from Bulgaria,

Canada, Cyprus, France, India, Mexico, Senegal, Tunisia, the United States of America, the Union of Soviet Socialist Republics and Yugoslavia. This drafting committee elected Mr. Ghalanos of Cyprus as its chairman, and I was elected as the rapporteur to report the work of the drafting committee to the two committees sitting jointly.

In addition, the substance of the draft resolution arrived at in Helsinki contained a preamble that recognized peace as the common goal of mankind and stated that its continued existence was threatened more than ever because of the many recurring conflicts throughout the several regions of the world. The resolution noted that, following the establishment of the United Nations in 1945, it was expected that this institution would play a major role in resolving international disputes as well as in eliminating discrimination, upholding human rights and promoting a new economic order.

The operative part of the resolution urged all people, parliaments and governments to reaffirm their fundamental support for the principles and objectives set out in the original United Nations Charter. Its aim was to enhance the United Nations' capacity to serve as an instrument for the resolution of conflicts and as a forum to which countries could turn for the peaceful solution of the disputes in which they are involved. Specifically, the resolution recommends making greater use of the International Court of Justice and to strengthen the peacekeeping machinery by pursuing the objectives of article 43 of the United Nations Charter.

It specifically recommends expanding the United Nations constituency by including parliamentarians as members of the national delegations to the United Nations' various areas of endeavour and calls for greater opportunity for members of the Inter-Parliamentary Union to contribute to the furtherance of the institution's authority.

When I presented the draft resolution at the Seoul Conference, as rapporteur for the Committee on Political Questions, International Security and Disarmament and the Committee on Parliamentary Juridical and Human Rights Questions, I stressed that the final document, which was agreed to in committee at the Helsinki Conference, had been adopted by consensus. I noted particularly that the preamble emphasized the importance of peace as a necessary condition for the survival of mankind, while the operative section underlined the importance of the United Nations as an international institution.

While its specific recommendations might not be extremely strong, I argued that they were nevertheless substantial. I pointed out that paragraph 10 recommended that the Security Council be strengthened in conformity with the Charter and that paragraph 20 reiterated the need for more co-operation between the Inter-Parliamentary Union and the United Nations by granting the Union appropriate status. I repeated the recommendations that parliamentarians be included as members of national delegations to the United Nations General Assembly, a practice already well established in Canada. Finally, I expressed the hope that the absence of 32 countries from the conference because of the unfortunate KAL aircraft incident would not lead to major changes in the text of the draft resolution agreed to in Helsinki.

At this point I should extend a tribute to one of my colleagues on the Canadian delegation, Mr. Jean-Robert Gauthier, who played an important role in the deliberations of the Political Committee on the subject of United Nations reform. The main objective of his remarks was to strengthen the text prepared in Helsinki by adding to the fact-finding machinery of the United Nations and otherwise enhancing the powers of the existing U.N. system without fundamentally altering it. In this, he and others with similar goals were largely successful. One amendment submitted by the Kuwaiti group went further than the proposal made by Mr. Gauthier. It called for the revision of those parts of the U.N. Charter which accord a veto power to the five permanent members of the Security Council. Fortunately, it was not accepted.

In my own role as rapporteur in the Political Committee considering U.N. reform, I had the good fortune to work very closely with the chairman, Mr. Andreotti of Italy. I was able to assist him in outlining the origins and the significance of many important questions that arose, as well as in the resolution of some of the points of contention.

The resolution called for:

> Ways and means of strengthening the United Nations so that this world institution could play a more effective role in resolving conflicts and present and future world problems, especially in the field of arms control and disarmament.

When it was presented at the Final Plenary Session of the conference on the afternoon of Wednesday, October 12, 1983, it was adopted without a vote. The sole call for an amendment to operative paragraph 2, by an Italian delegate, was rejected by a massive majority.

Finally, I would like to pay tribute to the Canadian delegation as a whole, which was very active in its work at the conference. In addition to myself, my colleague in the Canadian group, Mr. Prud'homme, acted as the rapporteur in the committee that considered the Iran-Iraq question. Mr. Prud'homme had the distinction of having been chosen a one-man committee to reconcile the two resolutions that had been submitted by Iran and Iraq. It is a credit to Mr. Prud'homme that he had been accepted for this important task by both these countries that are so antagonistic to one another. All Canadian members were involved, either through speaking in the plenary debates or participating in the committee sessions. Mr. Prud'homme and Mr. Lawrence participated actively in the work of the council and the Ten-Plus group.

Mr. Rémi Bujold, speaking on the debate on self-determination, lamented the fact that many countries were still struggling for their independence. Mr. Ian Waddell, intervening in the debate on furthering a more equitable international economic system, emphasized that durable peace has to be based on the reduction of economic disparities. Mr. Douglas Neil and Mr. Michael Landers played an important part in presenting their committee's amendments dealing with international

indebtedness of poorer countries and their need for skilled labour. Senator Rowe presented two amendments to the Committee on Education, Science, Culture and Environment, one of which drew attention to the danger of civil disorder and the existence of youth unemployment because the economies of Third World countries could not generate and sustain the industry required to employ young people. Senator Martial Asselin headed the Canadian delegation on the study committee on the decolonization issues, a committee that past experience had shown expresses its feelings in very strong language and advocates positions on many issues which Senator Asselin and other Canadian members could not support because they were either inaccurate or likely to undermine the cause of decolonization rather than promote it.

To this end, then, Senator Asselin, on behalf of the Canadian delegation, cast his one vote for abstention.

The Canadian group met each morning in its delegation room at the Lotte Hotel to review current business and to decide on the positions to be taken that day. At other times, other members worked closely together to review documents and amendments being put before their committees.

Finally, I should pay tribute to the Canadian Ambassador to South Korea, Mr. William Bauer, and his wife, as well as the staff of the embassy, including particularly Mr. Lesley James and Mr. David Hutchings, who ably assisted the committee while they were in Seoul. Ambassador Bauer provided a review of the Korean situation in the briefing for the delegation, while Sergeant Gaudreau of the Canadian U.N. Commission in Korea accompanied the delegates on their visit to Panmunjom, in the demarcation area dividing the peninsula into North Korea and South Korea. I would be remiss in my duty if I did not put in its proper perspective the very able assistance, guidance and counselling that was given to the Canadian delegation by Roger Hill and Martin Lavoie. Without their help and co-operation, the delegation could not have carried out the very important and onerous task that had been assigned to it. Both Messrs. Hill and Lavoie were equally helpful as we journeyed to China at the invitation of the Chinese government and the Chinese People's Institute of Foreign Affairs. The objective of the Canadian delegation's visit to China, among others, was to explore the possibility of Chinese membership in the Inter-Parliamentary Union. Complementary to this mission was the delegation's desire to obtain first-hand impressions of the current political and economic issues in China through discussions with senior Chinese officials, as well as to discuss Canadian relations with their country. The length of the delegation's visit was seven days.

● (1540)

The Canadian delegation was impressed by the immensity of China, its enormous potential for influence in world affairs, the frankness of its hosts, their hospitality and their efforts to ensure that the visit was both meaningful and pleasant. Indeed, the members of the Canadian delegation left China with a greater understanding of the Chinese people and a much greater awareness of their current situation and future aspirations. The delegation regarded the visit as an outstanding success.

The delegation arrived in Beijing, the capital of the People's Republic of China, on the evening of October 13, 1983. By coincidence, October 13 was the twelfth anniversary of Canada's recognition of China. After a brief ceremony at the airport, the delegation travelled to the Diao Yu Tai state guest house, where they stayed during their visit to the capital.

In the ensuing days, the program included a briefing by the Canadian Ambassador, Michel Gauvin, who outlined the recent developments in China and the main features of Canadian-Chinese relations, and a meeting with Chinese officials, such as Mr. Han Nianlong, President of the Chinese People's Institute of Foreign Affairs, at a reception at the Canadian Embassy. The President subsequently hosted a welcoming dinner in the banquet room of the Great Hall of the People.

The following day the delegation met with Mr. Jia Shi, Vice-Minister of Foreign Economic Relations and Trade, who described China's economic situation and emphasized the importance of Canadian-Chinese trade.

Other activities included a visit to the Temple of Heaven, followed by a lunch and a tour of the Great Hall of the People, China's Parliament. Its main chamber is so immense that it has a seating capacity for approximately 10,000 people. Simultaneous interpretation is provided in 14 languages, in order to accommodate China's many minorities of non-Chinese origin. The ethnic Chinese, however, are required to use Mandarin.

Subsequently the delegation met with Mr. Huang Hua, former Chinese Foreign Minister and now Vice-Chairman of the Standing Committee of the People's National Congress. Mr. Huan Hua is a prestigious figure in China, with a long record of service to his country. He has also the distinction of having served as adviser to Chou En Lai.

The Canadian delegation finished its series of visits by journeying to the Great Wall and the Ming Tombs, which are about a two-hour drive from the capital, and visiting the Imperial Palace. Before leaving the capital, the delegation had the pleasure of meeting Mr. Chou Nan, Vice-Minister of Foreign Affairs, who, on that occasion, made a brief statement and answered questions from members of the delegation.

The delegation spent almost four days in Shanghai, a city of 11.9 million people, where we were taken on a tour of the giant and costly Baoshan iron and steel complex, the showpiece of China's modernization, where 40,000 workers are employed in construction. Phase one is scheduled to be completed in 1985. On completion, Baoshan is expected to produce annually six million tonnes of iron and an equal amount of steel. The total of Chinese national production in 1982 reached 37 million tonnes. The Baoshan complex is located on the Yangtse River, approximately 40 miles from Shanghai. On the way, the delegation observed miles of industrial suburbs and factories in an area which accounts for approximately one-half of the industrial output of China.

In Shanghai there was a brief meeting with Mr. Liu Nianghi, Vice-Chairman of the Standing Committee of the Shanghai Municipal People's Congress, and some of his colleagues.

On Wednesday, October 19, the delegation divided into two groups, one visiting the Hongqiao People's Commune and the other the Shanghai carpet factory. In the afternoon, the delegation had a tour of Shanghai Harbour by launch, passing approximately 20 to 30 miles of docks, warehouses, shipbuilding yards, industrial plants and oil refineries which line the banks of the Whampoa River. Shanghai Harbour is the number one port and shipbuilding centre of China.

In discussing the organization and operations of the commune system, the representative of the Hongqiao People's Commune revealed that a new approach had been adopted in recent years. The communes now operate on an incentive system which rewards those work teams which put in an extra effort. In fact, this seems to have led to an upsurge in agricultural and other production in the past five years. The Hongqiao People's Commune numbers approximately 27,000 people, 18,000 of whom represent the labour force. They are organized into divisions, brigades and work teams. While agriculture is the main activity, there are other areas of endeavour. We visited a large clothing factory, and some of the garments being completed bore the label "Tip Top".

The tour was not without its cultural events. In the capital, the Canadian delegation attended an acrobatic show, while, in Shanghai, on the evening before our departure from China, we were treated to a concert of traditional dances and music.

There was general agreement that Chinese-Canadian relations had continually improved since their establishment at the beginning of the 1970s, with no major problems on either side. Furthermore, the Chinese and Canadian views on most of the current international problems, with some specific exceptions, were very similar. Interestingly, the Chinese hosts were well aware that the Canadian delegation had come to China immediately following an Inter-Parliamentary Union meeting in Seoul, South Korea, a matter that did not seem to disturb them.

In discussing the possible reunification of the two Korean states, the Chinese leaders pointed out that they did not believe there was any danger of an invasion of the South by the North. The Chinese apparently agree that the division of Korea, which resulted after the Second World War, was not a natural one, and they predicted that sooner or later the two would be reunited. However, China did not believe in admitting two separate Korean states to the United Nations, or that mutual recognition would further this process. Chinese officials believe that it was important to obtain the withdrawal of U.S. forces from the South prior to working toward reunification.

In subsequent questioning of the Vice-Minister of Foreign Affairs, Mr. Chou Nan, the delegation underlined the fact that while there seemed to be a similarity of opinion between Canada and China on most international questions, there was evidently a difference of opinion with regard to Korea.

In response, the Vice-Minister pointed out that China had consistently held the view that the division of Korea had been artificially brought about. He said that the situation was unnatural and that China did not believe that it would last; otherwise it would give rise to continued difficulties.

On the question of Taiwan, which apparently was the major issue between China and the United States, the Chinese officials were informed by the Canadian delegation of Canada's attachment to a one-China policy. It was also pointed out that, on a number of occasions, visits to Taiwan made by Canadian parliamentarians, businessmen and others, did not receive the sanction of the Canadian government, the Senate, or the House of Commons.

On the question of Hong Kong, the current Vice-Chairman of the Standing Committee of the People's National Congress, Mr. Huang Hua, and the Vice-Minister of Foreign Affairs, Mr. Chou Nan, pointed out clearly that China intended to recover full sovereignty over the area by 1997.

With regard to China's relationship with the Soviet Union, the Chinese officials explained that there were three main barriers to the improvement of relations: the Soviet military build-up on the Sino-Soviet border and in Mongolia, the Soviet occupation of Afghanistan, and the Soviet support for Vietnam, including the occupation of Kampuchea, which is threatening to China.

• (1550)

Mr. Huang Hua also provided a summary of China's view on the current world situation. It was couched in very open, frank and straightforward terms. He said that China believed the international situation was becoming more tense and turbulent. He lamented the fact that there was no sign of settlement in the Middle East or of the termination of the Iran-Iraq war. This he blamed particularly on the impact of the superpowers, pointing specifically to the occupation of Afghanistan and the American support of the Israeli expansion. Moreover, China was concerned about the problems in Africa, Latin America, Southeast Asia, Europe and elsewhere where the superpowers have often shown a negative influence. He also took issue with South Africa's apartheid policies and its efforts to destabilize its neighbours as well as its unreasonable attitude toward Namibia and its involvement in Angola. On North Africa, he pointed to the problem of Chad, plus the unequal treatment of some African countries in trade relations with the industrialized world. With regard to Europe and North America, Mr. Huang Hua acknowledged that Canada, being a member of NATO, had a better idea of military confrontation in this area than the Chinese themselves.

The importance of Canadian-Chinese trade was noted on many occasions during the visit, particularly the fact that Canada was now one of China's largest trading partners, with a heavy trade imbalance in Canada's favour. The Vice-Minister of Foreign and Economic Relations and Trade, Mr. Jia Shi, noted the fact that Canada was currently one of China's largest trading partners, preceded only by such countries or groups as Japan, Hong Kong, the European Community and the United States. The massive imbalance in Canada's favour

was largely due to China's need for great quantities of wheat, potash, minerals and pulp and paper.

Interestingly, this imbalance did not seem to bother the Chinese officials. For instance, when the delegation attended the banquet hosted by Mr. Liu Nianghi, a position emerged that Canadian business failed to pay adequate attention to the major opportunities of long-term trade expansion. Spokesmen apparently pointed out that while China was a difficult market which required continuous sales efforts over lengthy periods of time, the rewards could be massive in the long-term if the Canadian government and business groups seized the opportunities that were available. More precisely, however, the Chinese did call for a shrinking of the imbalance, pointing out that China's capacity to import depends on its ability to pay, which in turn is linked to its capacity to export.

Grain is the major item which China imports from Canada. Under existing trade agreements it also imports pulp and paper, non-ferrous metals and similar products. Similarly, Canada and China have good contacts in the fields of economic and technological co-operation. A variety of projects have been under negotiation and there are good prospects for technical co-operation in the fields of agriculture, forestry and mining. In response to a question regarding technological co-operation, Mr. Jia Shi pointed out that China had 400,000 enterprises which needed to be technologically transformed and for which it needed Western technology. He even held out the possibility that while China was discussing the acquisition of nuclear reactors with France, the many possibilities in the nuclear field might even permit Canada to export its CANDU reactor.

In the area of technology, Canadian Ambassador Gauvin also mentioned that the National Research Council had recently signed a scientific agreement with the Chinese Academy of Sciences. On a recent visit to Canada, the Chinese Foreign Minister signed an important agreement on aid. This was in addition to the general agreement on trade and development that existed between Canada and China.

In conclusion, the Canadian delegation was very well received. Our Chinese hosts were extremely hospitable and the delegation's visit was both pleasant and meaningful. The delegates greatly appreciated the opportunity to meet with knowledgeable Chinese leaders and officials. They were particularly grateful to Mr. Han Nianlong, President of the Chinese People's Institute for Foreign Affairs, who co-sponsored the visit with the Chinese government. Undoubtedly it was a most worthwhile experience for the Canadian delegation of the Inter-Parliamentary Union to visit China and we are pleased to share our experience with the rest of our colleagues on Parliament Hill.

On motion of Senator Macdonald, for Senator Asselin, debate adjourned.

The Senate adjourned until Tuesday, April 17, 1984, at 2 p.m.

APPENDIX

(*See p. 472*)

CANADA'S MARITIME DEFENCE

ADDRESS BY THE HONOURABLE H. A. OLSON, P.C.

Honourable senators, I rise on this occasion to make a statement on the subject of defence. I have discussed the matter with the Minister of National Defence, and I will be speaking on his behalf.

The purpose of my statement is to offer a response to the Second Report of the Sub-committee on National Defence of the Standing Senate Committee on Foreign Affairs entitled 'Canada's Maritime Defence' which was tabled in the Senate on 15 June 1983.

In his response to the First Report of the Sub-committee, entitled 'Manpower In Canada's Armed Forces' in June of last year, the Honourable Raymond J. Perrault spoke to the right of this house to play a role of increasing importance in the vital area of defence. Indeed, the era of international turbulence he described at that time has been further confirmed by a series of international conflicts some of which unhappily have not been resolved since he spoke. Still others, such as the recent military intervention in Grenada and the tragic shooting down of the Korean airliner, indicate the pervasive nature of the potential threats to world security, so we must all be aware of the awful possibility of escalation sparked by a clash of arms in any of the increasing number of potential conflict areas spread around the world.

Under these circumstances, many Canadians are uncertain as to the best way to reduce the likelihood of war. In recent months, some proposals suggested for this purpose have given rise to widespread but narrowly focused and sometimes acrimonious public debate on matters related to defence policy. On the other hand observations and recommendations, such as those contained in the report, have been instrumental in achieving a broader understanding of the often complex issues involved. The difference has been between the illumination and the clouding of issues. On the one hand we hear the suggestion that weapons are the cause of war. The fact of the matter is that nations arm themselves for essentially political reasons, either because they have external ambitions or because they fear or misunderstand the intentions and actions of adversary states. As the Prime Minister recently put it "We are devoting far too great a proportion of our time to the enumeration of capabilities, and far too little to the intentions which govern the use of arms."

Our aim is still to seek agreements on lower levels of arms but this requires a measure of confidence and trust that has been elusive in international relations in recent years. The seductive shortcut of disarmament by example, which risks everything on the goodwill of an adversary, is neither a logical nor a prudent option in the light of all recent history. Rather, it is vital that peace loving peoples ensure that their determination to defend their security interests is clearly understood, and that the threat of retaliation is made credible by the existence of the means and the demonstration of the will whereby to make such a threat credible.

For years deterrence by threat of nuclear retaliation has provided a cheap answer to the Soviet challenge. However, now that Soviet nuclear parity has made the consequences of a global nuclear exchange totally unacceptable to either of the superpowers, the focus has shifted back to the adequacy of conventional forces to deter an aggressor by convincing him that the venture is not worth the cost.

We, as members of a collective defence alliance, must make sure that we convey to those who might breach the peace that such a course of action would not be worthwhile because we have both the means and the determination to safeguard our security interests. In order to do so, while we continue to pursue with our allies the objective of greater security through arms control negotiations, we must make a tangible contribution to the development of new weapons systems to counter those that have been deployed against us, and we must maintain our agreed levels of commitment to collective defence. Our expressions of solidarity must be backed by material evidence of our determination to meet our agreed defence commitments.

At the same time we must not neglect our own national security requirements. This requires that we maintain forces capable of enforcing our claims to sovereignty, protecting our national interests against terrorism, subversion or economic challenge, and at the same time continue to contribute to international stability by maintaining forces to meet international commitments as agreed from time to time by the government.

Throughout the free world, governments are having to face the difficult problem of providing sufficient resources for the defence of their security interests, while at the same time dealing with social and economic pressures which reflect the world wide economic recession. These circumstances have given rise to a heightened public concern in Canada, as in other countries, with regard to the adequacy of our defences, but not necessarily to informed debate concerning what proportion of the national wealth to devote to this purpose or of how most effectively to allocate the limited resources that can

reasonably be made available to achieve the greatest improvement to our defence posture.

In this connection the minister has asked me to thank the Honourable Senator Lafond and the members of his sub-committee for their efforts in bringing these important matters to the attention of the Canadian public. Both of the reports of the Sub-committee on National Defence have focused attention on serious problems faced by the department in providing properly for the defence of Canada. They will be most helpful in determining the appropriate manner to address them within the limited resources that can be made available for this purpose in face of the other competing demands.

The minister considers that the work of the sub-committee continues to be of enormous value. With particular reference to the Second Report on Canada's Maritime Defence, the perceptive and thorough examination of the problem has been most useful in properly identifying deficiencies and that, while the minister has difficulty with some of the conclusions, many of the recommendations are already being actively pursued. Indeed, he would support most of them should adequate funds become available. In any case the minister wishes me to assure the honourable members of the sub-committee that their report is receiving due attention and has already stimulated an active response during its analysis within the department.

Turning then to the specifics of the report, the minister agrees that the need for a renewed, balanced, and fully capable maritime force to meet both national requirements and international commitments is indisputable. In this regard he has observed that many of the recommendations in the report are not far removed from those which military and civilian analysts within the department would make in the absence of funding constraints. However, the recommendation for the creation of such a maritime force by the acquisition of twice as many major weapons platforms as are now possessed by the Maritime Command is not considered to be realistic in considering the optimum allocation of the limited incremental resources that we can expect to be made available for defence.

This critical difference in judgment can be traced to the assumption made in the report that current budgetary plans contain provision for the replacement or updating (or both) of all the equipment currently possessed by the Maritime Command. This assumption fails to recognize that the currently approved funding levels fall some billions of dollars short of the levels that would be necessary over the next 15 years to completely modernize the maritime force at the currently authorized force level. This significant discrepancy is compounded by the assumption that the incremental costs for personnel operations and maintenance incurred by full implementation of the recommendations would be $80 million a year (1983 dollars). This estimate appears to be based on an estimate of the direct incremental personnel costs alone and falls significantly short of the total personnel, operating and maintenance costs that would inevitably be associated with such a major force expansion.

With respect to individual recommendations in the report I should like to offer detailed responses specific to each, because of the complexity of some of the issues and the broad scope of the report.

The first recommendation reiterates one in the January report, that work on a white paper should begin immediately. The recommendation was addressed by the Honourable Raymond J. Perrault in the Senate on 23 June 1982, at which time he observed that white papers have traditionally been used as vehicles whereby Canadian governments have announced policy decisions rather than as mechanisms for stimulating debate. In this instance, since a major change of resource allocation rather than a change of policy is sought, the minister does not consider that a new white paper would necessarily be helpful at this time. Indeed a major policy review associated with it would well divert attention from the issue of adequate resources and their appropriate allocation.

Recommendation No. 2 advocates that the white paper be followed by a firm government commitment to ensure that the required manpower and materiel will be provided according to a definite stated timetable.

In response to this recommendation, the minister would draw attention to the recent governmental decision to maintain the purchasing power of the defence budget after 1986/87 but would also observe that more specific commitments in the out years would run counter to established parliamentary procedures which prescribe the annual debate and approval of defence expenditures.

Recommendation No. 3 recommends that the commitments of the Canadian Armed Forces be recast so as to include specific reference to the defence of Canada.

The minister agrees that the fundamental purpose of the Canadian forces must be the defence of Canada and the security of Canadians as has been reflected in the more recent statements of the missions of Canada's Maritime Forces, which make this point clear.

Recommendation No. 4 reiterates an earlier recommendation that the entire question of the Canadian Air-Sea Transportable Brigade or CAST commitment should be examined by Canada in consultation with Norway, the other Alliance governments and the Alliance military commanders.

With regard to the CAST commitment, the minister notes that arrangements are being made to pre-position some heavy equipment of the brigade group in Norway. This will alleviate the problems of deployment, although it should be noted that escort of reinforcements to Europe is an Alliance rather than a national responsibility and one which we would not be expected to undertake unilaterally.

He would also point out that Canada's entire military contribution to NATO is regularly reviewed as part of the NATO biennial planning cycle.

Recommendations 5 and 6 relate to the specific military tasks assigned to the Canadian Armed Forces and recommend

that these be the subject of regular parliamentary debate to enhance public understanding and to strengthen parliamentary control over defence spending. In this regard the minister observes that the broad missions of the Canadian Maritime Forces are better suited than the detailed tasks for the purposes of government decision making.

He also notes that parliamentary control over defence expenditures by means of the cabinet committee system is well suited to the size of the endeavour, which precludes the separate identification of non-DND costs except in the case of major crown projects.

Recommendation No. 7 finds that there is a requirement for Canada's Maritime Forces to be equipped to perform a sea-denial role in waters over which Canada claims jurisdiction.

This requirement is agreed by the minister and recognized in current force development plans.

Recommendation No. 8 relates to Canada's maritime commitments and recommends that the related maritime tasks be subject to continuous review. In fact, this is already the case in as much as the NATO biennial planning cycle provides for regular review of national plans in developing force goals, and in as much as nations are consulted concerning contingency and operational plans including the forces they have agreed to commit to NATO.

Recommendation No. 9 addresses anti-submarine tasking and recommends that Canada's maritime anti-submarine tasking be confined to those of a tactical nature.

In response, the minister notes that normal surveillance systems cannot distinguish between strategic and tactical submarine targets. He therefore considers that the Maritime Forces need the capability to detect both, although there are no plans to develop ASW capabilities solely for strategic purposes.

Recommendation No. 10, that equipment for the Maritime Command be designed primarily with specific wartime tasks in mind is already addressed by the minister's requirement that all capital equipment acquisition programs be substantiated by wartime requirements.

Recommendation No. 11 concerns the practice of regularly seconding Maritime Command personnel to the Coast Guard for practice and training in Arctic navigation. The minister agrees that this practice would have significant potential and has directed that the matter be taken up for further study since the person-year and career implications require careful evaluation.

Recommendation No. 12 proposes that incremental funding, in addition to that required to replace current equipment, in the amount of $550 million per year—1983 constant dollars—be dedicated to the acquisition of new capital equipment.

As I have already stated, these calculations are based on the assumption that planned funding already makes provision for the replacement or updating, or both, of all the equipment currently possessed, which is far beyond the capability of projected funding even given continued real growth at a rate of 3 per cent in the defence envelope. The problem is rather to determine the most productive marginal investment of the resources that can realistically be expected to be made available.

Recommendation No. 13, relates to a series of capital programs listed in priority, which should be undertaken to recreate a balanced fleet.

The minister notes that most of the recommendations are already the subject of detailed staff proposals, but that each must compete for the limited funds available. However, the minister is satisfied that we are making good progress towards revitalizing our Maritime Forces and he would have me advise honourable senators that a follow-on to the CPF is under active consideration as our next major acquisition program.

Recommendation No. 14 deals with studies concerning the tactical air support of maritime operations and the arming of merchant vessels for convoy escort duties.

The minister notes that the number of CF 18 aircraft we have contracted to purchase are already fully committed to the air defence and ground attack roles. While these aircraft and the other aircraft in our inventory could be modified to carry air-to-surface missiles, the detailed study of such proposals would involve classified allied data and so could not be released for public debate.

Canada continues to monitor closely allied studies for the modification of merchant shipping, but the minister considers it would be premature to pursue in-house studies of such programs before Canada has firm plans to re-acquire an ocean-going merchant fleet.

Recommendation No. 15 suggests that the government lengthen its perspective on military procurement and favour series production. The minister is pleased to report that these recommendations are being pursued with vigour.

Recommendation No. 16 calls for the separate identification of costs incurred by DND for purposes other than defence.

The minister observes that the preparation of estimates, the allocation of funds, and ongoing management and reporting are already extremely complex because of the size of the department. For these reasons, it would be impractical to segregate the costs specified in the case of most budgets with the exception of major crown projects.

Recommendations 17, 18 and 19 deal with the problems of alleviating the sea-shore ratio, the requirement to accelerate the rate of increase in the Maritime Command's authorized personnel establishment, and the wearing of naval rank and trade insignia. The minister is pleased to report that action is in hand on each of these recommendations although the rate of growth is limited by the funds available and the capacity of the training facilities.

Recommendations 20, 23, 24, 25 and 26 deal with detailed changes to the naval reserves and the requirement for improved mobilization plans.

The minister is pleased to report that major initiatives are already being taken to revitalize the naval reserves and to develop revised mobilization plans. In addition, he has directed that related activities be emphasized during forthcoming exercises, and has caused studies to be initiated with respect to the necessary changes in legislation.

Recommendations 21 and 22 deal with the acquisition of improved training aids for the naval reserves, the requirement to upgrade the accommodation at the existing units, and the requirement to acquire suitable reserve training vessels.

While the minister recognizes the urgency of these requirements as an integral part of Canada's Maritime Force structure, when considered in competition with other pressing demands essential to the combat effectiveness of the fleet, these requirements are not considered to be of sufficient priority to warrant funding out of the limited resources available at this time. A proposal is under consideration, however, to acquire replacement training vessels of a multi-role type built to a standard commercial design, amenable to series production in small Canadian yards. Secondly, the feasibility and cost of opening two new reserve divisions in Quebec is under study as announced by the previous minister last July.

Recommendation No. 27 deals with the status, during a crisis or war, of Canadian vessels operating under foreign flag, and recommends that the matter be referred to the Senate Committee on Transport and Communications for study and report. The thrust of this recommendation has already been partly addressed in my previous remarks relating to armed merchant vessels. However, the minister would also note the importance of having appropriate plans prepared so that ships registered in Canada can be readily taken up from trade when duly authorized under the pertinent section of the National Defence Act.

Recommendation No. 28 deals with the suitability of shipping belonging to other government maritime agencies for modification to naval use.

The minister acknowledges that the utility of other government shipping for military use could be significantly enhanced by relatively modest design changes. The matter of separate funding for such changes presents certain problems. Nevertheless, the recommendation will be made on the subject of further study within the department.

Recommendation No. 29 concerns the mobilization of non-military resources.

The minister is supportive of this suggestion which, however, lies outside the direct purview of his department. It is suggested that Emergency Planning Canada would be an appropriate agency to coordinate the necessary activity.

Recommendation No. 30 recommends government examination of the need for a year-round base in the Arctic. The minister agrees with the finding of the sub-committee that the Coast Guard can be expected to carry out the great bulk of the Canadian maritime tasks in the Arctic, particularly during peacetime. Nevertheless, he notes that the requirement for forward basing as part of the arrangements for the air defence of North America is under active study within the department.

Recommendation No. 31 suggests that the Canadian Armed Forces continue to be assigned search and rescue as a major task.

In response to this recommendation, the minister is pleased to note the close cooperation that already exists between the government departments responsible for providing an effective search and rescue organization, and would cite the degree of cooperation with the Coast Guard exemplified by the smooth operation of the rescue coordination centers. In addition, the department is already closely engaged in forming the Volunteer Civil Air Search and Rescue Association.

Recommendation No. 32 concerns the requirement for a study of the supply of strategic materials vital to Canada.

The minister notes that there is a study underway by the Department of Energy, Mines and Resources into the issue of strategic materials and that the Department of National Defence is contributing.

In conclusion, the minister emphasizes the valuable contribution made by the honourable members of the sub-committee to ensuring that the problems associated with properly providing for the defence of Canada's maritime interests are widely debated and clearly understood. The need for a renewed balanced and fully capable maritime force is indisputable. The problem lies in addressing the gap between these requirements and the resources that can be made available to meet them in competition with other equally pressing demands for the security and well-being of all Canadians. Informed public debate is essential to the optimum allocation of resources, and the Senate sub-committee continues to play a vital role in the deliberate consideration of pressing defence issues.

THE SENATE

Tuesday, April 17, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

PRIVATE BILLS

MARRIAGE LAW EXEMPTION (GERALD HARVEY FUDGE AND AUDREY MARIE SAUNDERS; LOUIS PHILIPPE NADEAU AND MARIE THÉRÈSE RITA BRULÉ; ERNEST HODEL AND NORMA DORA LAURIE; BENJAMIN JOSHEPH ANDRADE AND HEATHER WINNIFRED ANDRADE; JUAN ANDRADE AND EMILIA RODRIGUEZ; HENRI PATRY AND ALDÉA BÉA PITT; JOSEPH ROLAND RÉJEAN DAOUST AND MARIE LISE SYLVIE GIRARD; AND PEARL KIM LEE AND THOMAS SIEGFRIED WIELAND)—COMMONS MESSAGE

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons returning Bill S-2 to S-9, inclusive, to provide an exemption from the public general law relating to marriage, and acquainting the Senate that they had passed the bills without amendment.

CANADA HEALTH BILL

REPORT OF COMMITTEE

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, April 17, 1984

The Standing Senate Committee on Social Affairs, Science and Technology presents its

THIRD REPORT

Your Committee, to which was referred Bill C-3, intituled: "An Act relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof", has in obedience to its order of reference of Thursday, April 12, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL
Chairman

THIRD READING

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

Hon. Jacques Hébert, with leave of the Senate and notwithstanding Rule 45(1)(b), moved that the bill be read the third time later this day.

Motion agreed to.

COMMITTEE MEETINGS

INVITATION TO PROVINCIAL GOVERNMENTS—NOTICE OF MOTION

Hon. John M. Godfrey: Honourable senators, I give notice that on Wednesday, May 9, 1984, I will move:

> That whenever a bill or the subject-matter of a bill is being considered by a Committee of the Senate in which in the opinion of such Committee, a province or provinces have a special interest, then as a general policy, the government of such province or provinces where in the opinion of the Committee it is practicable to do so, shall be asked by the Committee as to whether or not they wish to make written and/or verbal representations to the Committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

Honourable senators will remember that I moved a similar motion in the last session. This is in the same wording except that I make it clear that it is up to the committee to decide whether a province or provinces have a special interest, and whether it is practicable to ask them if they wish to make representations.

[*Translation*]

NATIONAL DEFENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(a), I move:

> That the Special Committee of the Senate on National Defence have power to sit while the Senate is sitting today, and that Rule 76(4) be suspended in relation thereto.

Honourable senators, I will explain if leave is granted.

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

Hon. Martial Asselin: Could we have some explanations?

Senator Frith: Honourable senators, under the current informal rules concerning committee meetings, the leadership on both sides of the House and the committee chairmen have agreed not to schedule more than one committee meeting while the Senate is sitting.

Today, under those rules, both the chairman of the Transport Committee and the chairman of the National Defence Committee required permission. Accordingly, I asked those chairmen to settle the matter, because no more than one committee may be summoned while the Senate is sitting.

The two chairmen agreed. The chairman of the Committee on National Defence convinced the chairman of the Committee on Transport to meet during today's Senate sitting.

Hon. Joseph-Philippe Guay: The Committee on Energy and Natural Resources will also be sitting today.

Senator Frith: Later this afternoon.

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

Some Hon. Senators: Agreed.

Senator Asselin: First, we have no objection that Senator Langlois, as Chairman of the Committee on Transport and Communications, agreed to the other committee sitting, so long as the rules and understandings are complied with.

Motion agreed to.

[*English*]

TRANSPORT AND COMMUNICATIONS

COMMITTEE EMPOWERED TO ADJOURN FROM PLACE TO PLACE IN THE UNITED STATES

Hon. Léopold Langlois, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Transport and Communications, which was authorized by the Senate on 19th January, 1984, to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada, Inc., be empowered to adjourn from place to place in the United States for the purpose of such inquiry.

He said: Honourable senators will, no doubt, be interested in the contents of a letter which I received yesterday from Amtrak. It reads as follows:

● (1410)

> Dear Senator Langlois:
>
> It was a pleasure meeting with you and other members of the Senate Standing Committee on Transport and Communications. I hope that your inspections of Amtrak's Chicago Yard and Beech Grove facility, as well as our discussions in Washington were found to be useful.
>
> You may recall that Amtrak will be inaugurating a new service between Mobile, Alabama and New Orleans, Louisiana later this month. This new route will be implemented with the funding assistance of the States of Louisiana, Mississippi and Alabama under a section of Amtrak's law which allows states to cost share in the operation of additional trains. In order to fully explain this program and complete last week's series of meetings and demonstrations, Amtrak would like to invite the Senators and staff of the Senate Standing Committee on Transport and Communications to ride with us on a special inaugural train between Mobile and New Orleans on Saturday, April 28, 1984.
>
> The inaugural train will be operated to generate public awareness of this new service. The day's events will begin with a ceremony at the Mobile train station at 9:00 a.m. The train will leave promptly at 9:30 a.m., carrying invited guests only. Ceremonies will be held at each intermediate station, however, guests on-board the train will not be able to attend these ceremonies because of time constraints. Arrival at New Orleans is scheduled for 2:55 p.m., at which time guests will be transported to the World's Fair site for a reception.
>
> If you, your fellow Senate Committee members, or staff are able to attend, please let me know so that I may mail the appropriate tickets. I look forward to your response.
>
> Sincerely,
>
> JIM BARBER
> *Director,*
> *Intergovernmental Affairs*

[The Hon. the Speaker.]

Hon. Martial Asselin: How many senators are going on the trip?

Senator Langlois: There will be six or seven at the most.

Hon. Jacques Flynn (Leader of the Opposition): I suppose you will come back by plane.

Motion agreed to.

QUESTION PERIOD

[*English*]

BRITISH COLUMBIA

NORTHEAST COAL DEVELOPMENT—GOVERNMENT ASSISTANCE

Hon. Robert Muir: Honourable senators, my question is directed to the Minister of State for Social Development, and it concerns coal development in British Columbia.

While I do not necessarily expect him to have this information at hand, will he inquire and report to this chamber on how much public money has been expended to assist the northeast coal project both directly and indirectly insofar as roads, railways and ports are concerned?

Hon. Jack Austin (Minister of State for Social Development): I would point out to Senator Muir that the ministerial

responsibility for the government's involvement in ports, rail and other assistance to the northeast coal project in British Columbia is not mine. However, to provide information of the kind that Senator Muir seeks, I will perhaps ask my colleague, the Leader of the Government in the Senate, to furnish an answer.

I believe honourable senators are aware that the federal government has made an important contribution to the northeast coal development particularly in relation to the construction of a coal port terminal at Prince Rupert known as Ridley Island Terminals. This is 90 per cent owned by the National Harbours Board, now called Ports Canada.

In addition, the Canadian National Railway has undertaken an important program of upgrading its main line in order to carry coal from the connection with the British Columbia Railway. I believe that there has been assistance in the form of housing under the aegis of the CMHC to the community of Tumbler Ridge. I know that the Ministry of Transport provided a grant of $5 million towards electrification of the B. C. Railway line from Tumbler Ridge to the main line.

However, with respect to assistance given to Quintette Coal itself, which, as I understand it, is a subsidiary of Denison Mines, I will have to make inquiries.

Senator Muir: Honourable senators, I thank the minister for his detailed report, especially since he had not been given notice of my question. Although he may not be directly responsible, I directed my question to him because he is the Minister of State for Social Development and I thought that this subject might come under that great umbrella. I am fully in favour of anything that can improve social development in British Columbia or in Cape Breton. Because I do not want the Leader of the Government to think that I overlooked him, perhaps I might involve him, as well as the Minister of State for Social Development, in the response to my supplementary question.

Would either minister indicate to the Senate how much employment is related to the Quintette development? How much foreign exchange does Canada expect to realize annually from the sales of Quintette coal? Further, would the Leader of the Government enumerate for us, at his first opportunity, any guarantees that Canada has received from the Japanese concerning minimum quantities and price in connection with coal purchases? Finally, when they have an opportunity to bring a report back, would either minister indicate whether it is the government's view that these guarantees will be sufficient to keep the Quintette development in operation over the long term?

I do not want honourable senators to think that I am opposed to any development in British Columbia. On the contrary, it is nice to see that the government is helping out the west coast coal industry. However, I hesitate to appreciate the comments of those who are harshly critical of assistance to the Cape Breton coal industry.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I was the minister responsible for economic development, and, indeed, was the chairman of a special or *ad hoc* committee of cabinet while the arrangements were being made for this large and important development in northern British Columbia. As I recall, there was a price set for the coal so that the coal companies, including Quintette, could, over a reasonable period of time, amortize the cost of the investment by the federal government for the Ridley Island terminal, the coal port and all of the other shipping facilities that were put in place. It is also true, I believe, that certain guarantees were undertaken by the purchasers of coal at the time so that the amortization could take place. However, since that time there has been a significant change in the international marketplace for both metallurgical and thermal coal. Therefore, it will be necessary to make some inquiries to find out whether all of the terms and conditions and the circumstances relating to those terms and conditions are as valid today as they were at that time. I know that there has been a serious decline in the situation respecting international coal markets.

[*Translation*]

OFFICE OF COMPTROLLER GENERAL

VACANCY

Hon. Fernand-E. Leblanc: I have a question for the Leader of the Government in the Senate concerning the appointment of the Comptroller General. Since Mr. Harry Rodgers was appointed Deputy Minister of National Revenue—and as we know, Mr. Harry Rodgers was the first Comptroller General—the position is now open. That position is very important. It would be urgent that someone be appointed as soon as possible. Last week, during a meeting with the members of the Institute of Canadian Chartered Accountants, I was given two copies of letters dated April 5. One was sent to the Right Hon. Mr. Trudeau, the other to the Hon. Mr. Gray. They stressed the urgency of appointing a new Comptroller General. The letters included an offer by the Institute, to take part in the appointing process as is the case whenever the Auditor General is appointed, so that a wise selection may be made for such an important position. Could the Minister inform me of the latest developments regarding that appointment?

• (1420)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I thank the honourable senator for giving me notice of his question and copies of the letters to which he has referred. I received a notice of his question a few days ago, and therefore I should have been in a position to respond today. However, I have to advise that I am unable to provide him with any additional information concerning the status of the appointment or precisely what the situation is at the moment.

WESTERN GRAIN STABILIZATION FUND

PAYMENTS TO PRODUCERS

Hon. Joseph-Philippe Guay: Honourable senators, I am aware that the Minister responsible for the Canadian Wheat

Board has announced the initial price of wheat, oats and barley. However, many farmers are critical of the price suggested. Has the minister any comment to make in that regard?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, last Friday I announced the new initial prices for wheat, oats and barley that will take effect on August 1. The export market is highly competitive. The outlook, in the judgment of the Canadian Wheat Board, is that because of the competition, there is a possibility that world prices will be soft, particularly for spring wheat. With that outlook in mind, and in the judgment of those who provide me with advice on such matters, it was felt that there should be a decrease in the initial price of spring wheat of $10 per tonne at the beginning of August and a decrease of $5 per tonne for Durum wheats, compared with the initial price that was set a year ago.

The world feed grain market, particularly because of the widespread drought that occurred in the United States last year, is more buoyant than the wheat market. Therefore I was able to recommend and have accepted an increase in the initial price of feed oats of $20 per tonne, and, for designated oats, of $10 per tonne; also an increase in feed barley prices of $10 per tonne. Those prices also compare with those of a year ago.

I wish to point out to honourable senators that although these initial prices have been announced at this level, should there be a change in the world market outlook and world prices to the extent that, say, spring wheat prices increase substantially between now and August 1, or soon after, I would be prepared to recommend to my colleagues an adjustment to the price announced either before or after August 1.

I should remind honourable senators that the Wheat Board marketing system is based on the proposition that the initial price should be set at a reasonable proportion of what the market is likely to bring, and, in the minds of the board, of producers and others, it is felt that an initial price of from 70 per cent to 80 per cent of the current market outlook is probably fair and reasonable. The idea behind it is that the initial price is moderately safe, is based on the current outlook and gives the Wheat Board an operating margin in which it can adjust its prices, either upward or downward, in relation to world prices without setting prices from time to time that are below the initial price. Of course, if the board has to go at any time below the initial price, then the guarantee of the treasury comes into play. It seems to me that it is good business to set a price as high as possible in relation to market conditions but still at a level that gives the Wheat Board a reasonable operating margin in the world market. If we should change our philosophy, and I am not in favour of it,—although, apparently, some farm leaders think that it is a new philosophy that should be adopted—that once an initial price is adjusted upward, whether it be barley, durum or whatever, it should never come down, and that the initial price should not be based on the world market outlook but on economic conditions and costs at home. If we followed this course and set initial prices that are not related to the world market but are high in relation to it and set out levels that are likely to cost the treasury large sums of money, then I think the whole Wheat Board marketing concept will be brought into question and all those who from time to time oppose the Wheat Board system will come out of the woodwork and say, "The Wheat Board misjudged the market, the Wheat Board led the taxpayers down the garden path and it is costing the taxpayers huge sums of money." I think it would jeopardize the position of the Canadian Wheat Board. Basically, the Wheat Board would be in a conflict of interest situation if the initial price were set at a level that would mean that the Wheat Board was selling at a level that would cost the treasury money. If the cost to the treasury were substantial, then the Department of Finance and the Canadian Wheat Board would obviously be in a conflict over taxpayers' money, and this would make the operation of the Canadian Wheat Board very difficult, if not impossible.

This does not mean that the Government of Canada and the taxpayers should not take action with regard to the economic position of the wheat and grain producers in western Canada. However, let us bear in mind that today exports are still running 5 per cent ahead of last year and that last year's exports set an all time record. Even car-unloads at the ports are running fractionally higher than last year. If farmers need support, I suggest—

Hon. Martial Asselin: Are you making a statement?

Senator Argue: I would think that it is a statement; I hope that it is.

Senator Asselin: May I have a copy of it?

Senator Argue: I have a copy of the formal statement. The statement I am making today—

Senator Asselin: Statements are not made during Question Period.

Senator Argue: I have been around the Senate a long time—

Senator Asselin: There is a time and there are rules with regard to statements.

Senator Argue: —this is Question Period and Senator Guay, a distinguished colleague of the distinguished Senator Asselin, has very properly asked an important question. That question and what we are doing affects the livelihood of western farmers and has an effect on the entire Canadian economy. I think Senator Asselin should hear what I have to say.

Senator Asselin: I am ready to hear what you have to say but I would like a copy of the statement.

Senator Guay: You are getting an explanation.

Senator Argue: The Honourable Senator Asselin hears very well, is very intelligent—I wish I had the facility in French that he has in English—and he knows exactly what I am saying. I invite him to make a statement when I sit down so we can hear his remarks on this very important question.

I was about to say that I feel that if action is necessary to support the incomes of western grain producers, it should be done under another program, under the Western Grain Stabilization Act, which, I think, is the appropriate mechanism to bring about the kind of support that farmers may require.

• (1430)

Hon. Martha P. Bielish: Honourable senators, I have a supplementary question for the minister responsible for the Canadian Wheat Board. With farmers facing a lower return for this crop year, is the minister any more highly motivated than he has been to date with respect to introducing amendments to the Western Grain Stabilization Act which would permit the government to respond more appropriately to the agricultural circumstances than it is able to do at the moment?

Senator Argue: That is a very good question from Senator Bielish, and one which I welcome.

The answer is that I, along with my other colleagues in cabinet, including two other distinguished senators, have been working very hard so that we could introduce in this session of Parliament appropriate amendments to the Western Grain Stabilization Act which would make it possible for western producers to receive a very substantial payout in this calendar year. While I am not able to make any definitive response to the question today by way of an announcement, I can say once again that I am fully confident that my colleagues are responding to the recommendations which have been made and that a favourable announcement will be made in due course.

THE BUDGET

YOUTH AND OPPORTUNITY FUND

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question raised by Senator Roblin on February 21, 1984. At that time he requested a report with respect to what has happened under the Youth Opportunity Fund, the purpose of which is to assist young people to acquire new skills and to find jobs. The answer to his enquiry is fairly long and I propose that it be incorporated in the record of today's proceedings.

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

Hon. Senators: Agreed.

(*The answer follows:*)

Funding under the Youth Opportunity Fund for 1983-84 totalled some $1.1 billion.

Of the total amount of funding, $478.9 million was for job creation; $498.6 million for training and $145 million for employment services.

Job creation funding provided employment opportunities for some 169,400 young people and the training component enabled 138,400 youth to participate in the training programs of the Employment and Immigration Commission.

Training can apply to all skills for which there is a current or anticipated labour market demand and which fall within the mandate of the National Training Act.

The four consolidated job creation programs provide opportunities to learn or enhance relevant job skills; however, Job Corps and Career-Access are particularly designed for human resource development. The focus under Job Corps is on preparing severely employment-disadvantaged youth for participation in the labour market. Thus, the skills developed are in such areas as resume preparation, interview techniques, personal development, and work habits. The more work-related skills will vary from one Job Corps project to another and these involve a wide range of activities. Career-Access, a wage subsidy program, provides funds for a wide variety of jobs in all sectors of the economy.

The employment services component applies to more than two million Canadian youth and provides funding for Canada Employment Centres (CECs) on Campus and CECs for Students as well as regular CECs. Specialized Youth Units, Outreach Projects, the Mobility Program and Native Internship are also funded.

NOVA SCOTIA

GLACE BAY—FIRE IN MINE NO. 26

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question raised by Senator Muir on April 11, 1984, concerning the fire that took place in Mine No. 26 at Glace Bay, Nova Scotia. It is a fairly long answer and I would ask that it be incorporated into the record of today's proceedings.

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

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, the immediate crisis has been brought under control, through the highly commendable actions of the Corporation, its workers and officials of the various federal and provincial government agencies involved. However, it will be some time yet before the damage can be surveyed and assessed. Until that has been done, it would be premature to indicate when the No. 26 colliery might be reopened.

It is the responsibility of the Minister of Labour to determine whether a formal enquiry is warranted. This determination cannot be made, however, until the inspectors have had an opportunity to make a physical investigation of the area in which the fire occured. This will take some time yet, until it is judged safe to do so.

As to government plans to relieve the hardship this disaster will have caused for the workers at Devco, this is an extremely difficult question to answer, because there is so much uncertainty at present. A major difficulty is that we still do not know the extent of the fire damage at No. 26, and how long it will be until the mine reopens. The longer the mine remains out of production, the more extensive is the range of initiatives governments—federal and provincial—must consider. A second problem is the difficulty of attracting new industry to Cape Breton, which has historically suffered chronically high unemployment rates. Third, the Cape Breton Development Corporation is already costing the government over $100 million per year.

These are very real difficulties, but they will not inhibit the efforts of the Minister of Industry, Trade and Commerce and Regional Industrial Expansion, and those of my colleagues, to reduce the severe consequence of this problem. It is too early to announce specific measures, but the Minister hopes he can do so over the coming weeks.

The government's first priority, in this regard, is to complete the analysis of the impact of the fire on the rest of the operations and the workforce of the Corporation. In doing this analysis, the Corporation will be examining very carefully the extent to which it can utilize the affected workers in its other operations. Beyond that, the government will have to examine all possibilities to alleviate the hardships being faced.

[*Translation*]

CANADA HEALTH BILL

THIRD READING

Hon. Jacques Hébert moved the third reading of Bill C-3, relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain acts in consequence thereof.

[*English*]

Hon. Orville H. Phillips: Honourable senators, Senator Roblin began his remarks on second reading of the proposed Canada Health Act by saying that since all the big guns had spoken on the bill there was very little left for him to say. When I considered the effect of Senator Roblin's suggestion that the bill be referred to the Legal and Constitutional Affairs Committee, I came to the conclusion that he fired what is known in artillery language as a blank charge. I have no anticipation that my remarks of a lighter calibre will achieve any other result than a negative vote. However, I will proceed with my remarks in the hope that the light may possibly dawn.

The origins of Bill C-3 are rather interesting. Since the last election various cabinet ministers have attempted for some specific reasons to hold the limelight; others held the limelight when they really did not wish to be in it.

● (1440)

The Minister of National Health and Welfare was among those seeking to retain the limelight but, in spite of her best efforts, she sank into a morass of oblivion and realized that she would have to do something to come out of that oblivion. She was completely forgotten. Her consultants and political advisors suggested that she concentrate on the proposed Canada Health Act in order that she would come out of the bog and into the fog of the Liberal leadership. They also advised her that there is only one way to shine in the Liberal Party, and that is to quarrel with the provinces. Initiate a fight with the provinces and, overnight, you become a star in the Liberal Party.

The minister then proceeded in that fashion, hoping that the introduction of the Canada Health Bill would meet with severe opposition in the House of Commons. She was disappointed in this regard, because the Conservatives reiterated their support for the principles of medicare. With that opportunity lost, the minister then introduced, in committee, a number of amendments which altered the basis of the bill, and the basis on which she had discussed it individually with the provincial ministers of health. It is on that premise that I will be making my remarks today in an attempt to present the case for the provinces.

Prior to the February snowstorm, the Minister of National Health and Welfare had been accusing the provinces of misappropriating block-funding for other purposes. Mr. Justice Emmett Hall, in his commitment for renewal, said that there was no evidence that any funds destined for medicare or higher education had been diverted to other purposes by the provinces. I hope that that will end the accusations that the federal government has been levelling at the provinces.

Senator Hébert, in his introduction of the bill, presented a very loyal case for the minister and her actions. His loyalty did not surprise me, nor do I condemn him for it. I would probably have done the same thing, had I been in his position. However, there are two ministers in particular who will require an extensive defence and these are the Minister of National Revenue and the minister responsible for the CDIC. I would suggest to both those ministers that they utilize the services of Senator Hébert. He will present their case as they see it and, what is even more remarkable, he will sound as if he believes it.

The title of the bill specifies "cash contributions by Canada in respect of extended health care services." Honourable senators, that is a rather intriguing title in that the bill does not provide any cash payments nor does it extend the health services. It merely combines the old Hospital Insurance Diagnostic Services Act and the Medicare Act. True, it makes provision for penalties for extra-billing and user fees, and imposes certain other restrictions on the provinces. Essentially that is the proposed Canada Health Act.

The preamble states, amongst other things, that the bill "will promote such physical, and mental health and such protection against disease." Then the bill proceeds to exclude mental hospitals from its provisions. That is rather strange in that usually persons confined to a mental hospital are considered to be ill and often require extensive hospitalization. It is rather unfair to exclude those people from the provisions of the bill, except in the lengthy preamble to the bill.

Chronic care patients are also excluded from the provisions of the bill. The attitude of the government seems to be that it is all right to have the mumps or some other illness that will be cured in a week or so, but if a person suffers from a stroke and requires extensive hospitalization, that person is on his own or is the sole responsibility of the provinces.

The report of the committee stated that the title "Canada Health Act" in itself was a misnomer, and that part of the

report I heartily endorse. The proposed Canada Health Act will not save one life; it will not produce one cure; and no one will receive any alleviation from his or her suffering.

The lack of funding has been of concern to a number of us and to the provinces. During a meeting of the committee I asked the minister what extra funding was being provided. After a lengthy answer she finally admitted that there was no extra funding provided in the bill. That, honourable senators, creates a problem; there is no extra funding provided for in this bill.

The question of the percentage of the health care bill paid by the federal government and the provinces was a source of contention in the House of Commons, in the Senate, and throughout committee meetings of both houses. That problem arises as a result of the interpretation. The federal government interprets health care as being only hospital and medicare. The provinces include such services as air ambulances, ambulances, and, in some provinces, drugs for the elderly. Two sets of figures have been used, one stating the case for the provinces, the other the case for the federal government. Use whichever set of figures you prefer, the fact remains that the federal government's share of health care costs has gradually been declining. In Alberta that amounts to 32 per cent of the total health care cost, and in Ontario, 41 per cent. Since 1979, the contribution to Ontario has declined from 49 per cent to 41 per cent.

I should like to take a moment and review the funding of the medicare and hospitalization. Various ministers of finance have been drawing the attention of Parliament and the public to the high cost of medicare. Mr. MacEachen and Mr. Lalonde both stated that the provinces ought to move to restrict the cost of medicare and hospitalization. While the federal government was attempting to have the provinces restrict their expenditures, it was reducing its own expenditures.

The Supplementary Estimates for 1981 removed $294.7 million from the Hospitalization Insurance Diagnostic Services Act. In 1982 the federal government, through the removal of the revenue guarantee component, removed $500 million from the 1982-83 budget for medicare. The actual figure was closer to $900 million. From 1983 to 1985, EPF figures are $5 billion lower than the previous estimate, yet the Minister of Health and Welfare suddenly picked up this figure of $150 million in extra billing and user fees. That is now the most important figure in the whole medicare set-up. People have said it is exorbitant, it is atrocious and should not be allowed to happen, yet no one has mentioned the $6 billion that she, as the minister, has removed from this program since 1980. I find it very strange that honourable senators who can be so shocked at a $6.00 emergency fee do not even blink an eye over $6 billion. They can approve and applaud the budgets that removed the $6 billion, but say that no $6.00 emergency fee should be charged. Surely there is something wrong with that logic.

The minister, in an effort to build up her case for Bill C-3, spent millions of dollars on advertising to the effect that medicare was being eroded. She commissioned survey after survey. I should like to read into the record the figures obtained from one survey. This survey was commissioned by the minister herself and she selected the questions that were to be asked. There were six questions. The recipient was asked to rate the questions as matters of "concern" or "no concern". The first question was on unemployment, and 73 per cent stated that it was a matter of concern; the second question was about crime in the streets, and 58 per cent stated that it was a matter of concern; the third question was about protection of the environment, and 51 per cent stated it was a matter of concern; the fourth question was on the cost of electricity, and 49 per cent said that it was a matter of concern; the fifth question was about the cost of health care, apart from taxes, and 41 per cent thought it was a matter of concern; the sixth question related to the ability to obtain health care, and 31 per cent stated that it was a matter of concern.

I point out, honourable senators, that the last question, the ability to obtain health care, could be interpreted in many different ways: It could be the ability to get admission to a hospital; it could be the ability to get the services of a qualified physician, such as the chairman of the committee. The question did not mention user fees. Again I emphasize that this was conducted after the minister spent millions of dollars advertising her case.

Senator Thériault, in replying to a question put to him by Senator Flynn the other day, was concerned about the premiums being charged by the provinces. He thought it was unfair that a person earning $10,000 a year should be charged the same premium as a person earning $30,000 a year.

Honourable senators, last weekend I filled my car's gas tank with gasoline. I noticed that there was leaded, unleaded and super unleaded gas being sold, but there was no difference in the taxation. There is not one tax for someone earning $10,000 a year, another tax for someone earning $20,000 a year, or another tax for someone earning $50,000 a year. The federal government has the same tax on all users. If it is such a crime for a province to have a universal premium, I would expect that the federal government would have different rates of taxation on their various sources of taxation such as gasoline.

• (1450)

Honourable senators, I should like to spend a little time on clause 12(2), which refers to binding arbitration. We discussed that at some length this morning in committee. I realize that I cannot do justice to this the way Senator Tremblay did this morning so I will make my remarks brief. I want the record to note that Mr. Justice M. Hall, speaking in Winnipeg two weeks ago, said that clause 12(2) established binding arbitration for the doctors. I asked the minister about that this morning and she replied that she could not speak for Mr. Justice Hall. She said that he was the father of medicare and a Conservative and that I should speak to him. I accept that reply because she emphasized that medicare was fathered by the Conservative Party, and I thank her for her honesty in that regard.

Some Hon. Senators: Hear, hear.

Hon. Stanley Haidasz: Who was the mother?

Senator Phillips: I recall the late Judy LaMarsh saying that medicare was her baby, so I suppose we would have to describe her as the mother.

Representatives of the provinces appeared before the Senate committee, and I point out to honourable senators that they came before us not in a cantankerous, controversial manner. They presented their views and asked the Senate to consider them. I am going to refer briefly to a few of their concerns.

Ontario and at least one other province stated that binding arbitration was an intrusion into labour relations, which is a field of provincial responsibility. I also want the record to show that the Minister of Health for Ontario said that the federal minister, when visiting him to explain Bill C-3, said that she would seek a more neutral approach to the matter of arbitration. It certainly was not the opinion of the provinces that she amended the act to provide for a more neutral approach.

The matter of arbitration raises a point that deserves further consideration before honourable senators cast their vote. The Deputy Minister of Health in Ontario stated that the arbitration principle was, in fact, a disincentive to cease extra-billing. I questioned the minister on that point in committee and his reply was to the effect that it is quite possible for a province such as Ontario, where extra billing totals $49 million per year, to receive an arbitration settlement costing the province $150 million a year. Therefore, the province would want to disregard the extra billing and save itself $100 million per annum.

The provinces also expressed concerns about funding. In particular, British Columbia stated their case to the effect that they may have to restructure their whole program, particularly if premiums are prohibited. Presently, the premiums bring in revenue to the provincial government of approximately $370 million per year. The other user fees and charges levied by the provincial government would bring the total close to $500 million. The federal contribution to British Columbia is approximately $500 million. The Minister of Health of British Columbia merely asked why would they want to continue within the plan, and I think that is a point that has to be considered.

The Province of Quebec complained that certain plans they now have would be removed. As I understand it, that province does not pay for drugs prescribed in the emergency department. They use that money to provide drugs for the elderly. That would have to be changed, and the province feels, and I think quite rightly, that that is an unjustified intrusion into their provincial affairs.

The provinces from Atlantic Canada expressed concern that certain aspects of the Hall report, Committal for Renewal, were accepted, but that the federal government ignored the recommendation of the Hall report in that there is no extra funding provided for the Atlantic provinces. And that, honourable senators, was a very clear recommendation in the Hall report.

The provinces accepted the principle of visibility. They have no disagreement with the principle that the federal government should receive recognition for their contribution. However, the question still remains as to whether Alberta's share is 86/14 or whether the federal government pays 32 per cent. This morning in committee the question was raised as to whether or not certain provincial documents will now have to be changed.

Following the presentation of the brief by the provincial ministers of health, the chairman suggested that the bill be passed and that a special committee be set up to study health care matters. The provinces did not agree to that because they felt that the bill should be delayed and then the committee should begin its hearings. I suggested to the provincial representatives that the bill be delayed for one year during which time the federal and provincial ministers of health could meet in an effort to solve the problem, and that if no agreement was reached the bill would go into effect on April 1, 1985. Every province accepted that suggestion, honourable senators, and that will be the basis of my amendment.

• (1500)

The provinces are presently aware of the contents of the bill. They are aware that my proposed amendment would bring the bill into effect on April 1, 1985, unless there is consensus of agreement to change the bill before that time.

The provinces are willing to attend a federal-provincial conference on Bill C-3. All they have asked for is understanding and consideration of their problems. They have the same problems as does the federal Minister of Health. She has told us that behind every minister of health is a minister of finance, and that applies at the provincial level as well as at the federal level. We must recognize the accuracy of her statement.

Honourable senators, I move:

> That this bill be not now read the third time but that it be amended by:
>
> (1) replacing subclause 4 of clause 20 with: "No amount may be deducted under subsection (1) or (2) in respect of extra-billing or user charges in the period between April 1, 1985 and June 30, 1985."; and
>
> (2) replacing clause 34 with: "This Act shall come into force on April 1, 1985."

Some Hon. Senators: Hear, hear.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Hébert, seconded by the Honourable Senator Le Moyne, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Muir, that this bill be not now read the third time but that it be amended by:

> (1) replacing subclause 4 of clause 20 with: "No amount may be deducted under subsection (1) or (2) in respect of extra-billing or user charges in the period between April 1, 1985 and June 30, 1985."; and

(2) replacing clause 34 with: "This Act shall come into force on April 1, 1985."

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators —

Senator Phillips: I should like to speak on the amendment for a moment.

Senator Frith: Certainly.

Senator Phillips: I wish to point out that the passage of this bill will have no effect upon the elimination of user fees and extra-billing. The Province of Alberta has already indicated that it will continue with both extra-billing and user fees. It will take the penalty provided in the act. There is no communication from any province involved with extra billing or user fees that they will discontinue the practice as a result of the passage of Bill C-3.

The Minister of National Health and Welfare has stated that she will call a conference of the federal and provincial ministers of health after the election. Honourable senators, I am tempted to be a bit partisan and say that I do not think there would be much use in the minister calling the conference after the election. The conference could be held after Easter or in early May. The minister states that she has been negotiating with the provinces for three years.

Senator Frith: Five years.

Senator Phillips: Surely she could be ready to call a conference within one month. This could accomplish a great deal for the future direction of health care and an extended health care service.

I have no quarrel with the idea of a Senate committee studying the problems of health care, but I would point out that the provinces, the main participants in the health scheme, would not have members on that committee, and that, to me, would be the main drawback to such a Senate committee study.

I notice that Senator Frith is sitting there biting his glasses as he often does when he is getting annoyed about being delayed. I would point out to him that this is a real opportunity for those who believe in an elected Senate to vote as they please. They do not have to follow the old Liberal dictum of voting against the provinces every time. Senator Frith could release his followers and let them vote as they please. I would ask him to do that very thing.

Those who believe in the principle of hospitalization and medicare must have some concern about the passage of Bill C-3 with the present adversarial attitude that has developed between the federal and provincial governments. The preamble of the bill states that co-operation is essential for the development of health care; yet, this morning in committee the federal minister refused to meet with the provincial ministers of health. She has disowned the provinces before the bill is even passed. I think that bodes ill for the future of health care in Canada.

Are we accomplishing anything by passing the bill in this present attitude of bitterness, distrust and uncertainty? Are we really assisting health care by proceeding against the wishes of all 10 provinces?

The sponsor speaks of establishing a new direction in health care. Let us find out what that new direction is, honourable senators. Let us find out if mental health and chronic care will be included in that new direction.

We like to boast that we have the finest medical care system in the world, and I believe we have. If it is the finest in the world, honourable senators, it will not be difficult to live with it for another year. Let us agree with the provinces and support the amendment.

Senator Frith: Honourable senators, I raise two points, the first being on a question of order. I wonder if it would be acceptable to know now, if we can, whether more than one amendment will be proposed and where we could perhaps vote on them all at once. I leave that for someone else to comment on. We are certainly content to vote on amendments separately if necessary.

It seems to me, honourable senators, that the motion in amendment totally ignores the history and the reality of how this legislation came to us. It certainly ignores the evidence that the minister gave before the committee today when Senator Phillips was present. The minister has given very generously of her time to the committee.

Hon. Martial Asselin: It was her duty.

Senator Frith: She did so, obviously, voluntarily.

Senator Phillips: So did the provincial ministers.

Senator Frith: She has appeared before the committee on two occasions, and today, particularly, was asked about why she should not spend more time with the provincial premiers. She pointed out that the problem which arose some five years ago has been addressed by the provinces and the federal government during that time and that it concerned, particularly, the question of extra-billing which, at a certain point, had started at some $11 million. She estimated that the figure is now probably somewhere around $200 million.

To understand the purport of this amendment, it seems to me we should understand the position the minister felt herself to be in as she described it to the committee this morning. Her difficulty is at what point she, as minister, should decide that the erosion in our health care system, brought about by extra billing, is threatening the very principle of the medicare legislation. The house that was built was the house of medicare—the finest system in the world, as Senator Phillips has so accurately and eloquently described it—and the problem was that the foundations upon which that house was built were being eroded every year. What, then, should the Minister of Health have done? She should have met with the provincial Ministers of Health, and she did, for three years. Each year it was getting worse; each year the footings of no extra-billing were crumbling a little more.

• (1510)

At what point should the Minister of Health decide that there has to be an end to it? That is what this bill before us does, honourable senators. In spite of all of the fantasies that Senator Phillips has tried to weave around it, the bill simply takes that principle, which has existed since the beginning of medicare, and has made it very clear. The principle of no extra-billing has long been understood but has never been as clearly defined as it is in this bill. That is basically all this bill does. In effect, it says that we have to stop this erosion, because if we let it go any further—

Hon. Jacques Flynn (Leader of the Opposition): No! No!

Senator Frith: The minister cannot specify the time at which that might happen, of course; she is not perfect, but she must make the decision. Today, in committee, she was asked this question: "When do you decide?" She said that that is the question: "When do I decide? But at some point I have to decide."

Honourable senators, that is what this bill purports to do.

Senator Flynn: False!

Senator Frith: Of course, it is to the advantage of some that we keep talking about it and keep talking about it and keep talking about it until the foundations are completely eroded and the whole house falls down. We must decide the matter at some point and what the bill proposes to do is to give effect to that decision. The amendment, in effect, proposes that we continue with the talking that has gone on for five years, or for three years under this particular Minister of Health.

Therefore, honourable senators, I think that a decision eventually has to be taken. I ask that this amendment be defeated and that the main motion be accepted.

[*Translation*]

Hon. Martial Asselin: Honourable senators, Senator Frith told us that the Minister of Health and Welfare generously had appeared before the committee this morning. She answered the questions asked by the committee members. We are willing to admit that she did so generously. However, it was her responsibility and her duty to provide us with the explanations needed to continue our examination of the bill.

I rise to take part in the third reading debate of this bill today mainly to support the amendment moved by Senator Phillips. The Minister suggested this morning in committee that those who were asking questions or requesting information were against the bill. She said so when I asked questions myself and she also repeated the same thing to Senator Flynn when he intervened a bit more vigorously. She suggested the same thing to Senator Tremblay and to Senator Phillips. In other words, the senators who were asking questions or who requested some information were against the bill. Nothing could be further from the truth.

In his great oratorical statement just now, Senator Frith stated that this bill deals only with the basic underlying principles of medicare in Canada, namely, portability, universality, comprehensiveness and accessibility. These are sacred principles. They are just as sacred for us on this side of the House. If this bill had only dealt with extra-billing and user fees, I have the impression that there would not have been any debate in the Senate, because we accept these principles on this side of the House.

I want to make it quite clear that what we tried to point out to the Minister—and I repeat that, this morning, the Minister seemed to be questioning our good faith and our support for the principle of the bill now under consideration—was the red tape that she would create with this federal legislation. We are also concerned about the lack of co-operation that the Minister seems to be showing by refusing the request of the provinces for further meetings and discussions. Senator Frith says that the Minister has been meeting with the provinces for five years. If the provinces had been satisfied with the meetings they have had with the Minister of Health and Welfare, Miss Bégin, they would not be asking to meet her again to have more information about some of the red tape created by this bill.

In reply to the speech delivered by Senator Frith, I want to say that in the preamble to the bill it is stated that any future improvement in our health care system will require the co-operation of governments, health care professionals, voluntary organizations and individual Canadians. This is also what we want. We are trying to show to the governing majority that the preamble sets preliminary conditions that must be met. I told the Minister this morning that she would not have the satisfaction of implementing this bill if she did not have the co-operation of the provincial health ministers. Senator Frith told us that the Minister has been warning the provinces for five years that extra billing and user fees do violate the basic principles of the Act. On the other hand, Mr. Castonguay, a former Liberal health minister in the Bourassa government, one of those responsible for the health insurance system we have in Quebec, said before the committee that the comments made by the Minister were excessive, and he is not a Conservative supporter. He told us that she had used abusive language. We were wondering whether the minister wanted to set up her own election platform. Of course, people want to hear that they will all have free access to medical care and that they will not have to spend a nickel. Did the minister seek to gain a few electoral points by saying: "I will make the provinces toe the line; should any of them maintain user fees, the federal government will again step in and tell them. Either you stop that, or you will be penalized"? That is the kind of language the minister has used since this bill first came up for debate. That is why we said to the Minister of Health this morning that time has come for the federal government to stop invading exclusive provincial jurisdictions.

I do not have enough time to give all references, but I repeat that, with this bill, the federal government is creating administrative irritants which prevent the provinces from setting their own priorities in medical, health and hospital care. Under the act, the federal government will always have the right to intervene and tell the provinces that their priorities are not those of the central government.

The provinces will have to abide by the decisions of the federal Minister of Health lest they be penalized. That, honourable senators, is what we tried to make the Minister of Health understand this morning. I am talking about the province of Quebec because that is where I come from, but the minister, Pierre-Marc Johnson—then responsible for health and welfare in Quebec—was not the only one to complain about administrative harassment and the ambiguous wording of that bill. Mr. Johnson appeared once before the House of Commons committee, and then came back with all his colleagues to plead with senators on our committee, not to block the bill, but to intervene and urge the minister to wait at least a year before implementing the bill. That is exactly the intent of the amendment moved by Senator Phillips so that the provinces will have time to meet with the federal Minister of Health, Miss Bégin, and try to clear up the situation and give Canadians the best possible hospital insurance and medicare system.

This is all the provincial ministers wanted to tell the Senate. For the first time in the history of the Senate all the provinces, represented by their Minister of Health, appeared before a committee of the Senate of Canada to say: "Gentlemen, your role is to represent regional and provincial interests. Our regional and provincial interests are now jeopardized and we ask you to do something."

Senator Frith will tell you that we failed in our responsibilities because we asked the minister for more information. Now, let's be serious! What at least four Conservative senators did this morning is make every effort to try and to protect, as it is the duty of the Senate to do, regional and provincial interests now jeopardized because of the red tape required under the bill. This morning, Senator Flynn and Senator Tremblay pointed out the red tape involved and it was rather funny. Now, honourable senators, I will merely quote clause 13 which reads as follows:

> In order that a province may qualify for a full cash contribution referred to in section 5 or payment of the full amount referred to in section 6 for a fiscal year, the government of the province
>
> (b) shall give recognition to the contributions and payments by Canada under this Act in any public documents, or in any advertising or promotional material, relating to insured health services and extended health care services in the province.

If this is not red tape, tell me what is. That kind of red tape can be found throughout that bill.

Therefore it would mean that under clause 13 each time the province makes some expenditures with respect to health care, it would have to publish a very large ad about the federal contribution to such project.

Senator Flynn went even further this morning. He took out his medicare card and compared it with that of our colleague from Ontario, Senator Haidasz. If the Health Minister wants to go further, the Quebec health card will have to mention, under Clause 13, the Canadian government contribution to the Quebec health care and health services.

Hon. Jacques Flynn (Leader of the Opposition): Why not Miss Bégin's photo?

Senator Asselin: Perhaps, and I would not object to that because I like her very much.

This shows how much our action was warranted. I would like to pay tribute to Senator Bonnell, our Committee Chairman who saw to it that all witnesses throughout Canada could come and meet the members of the Committee and make their representations.

Senator Bonnell is to be commended for the way he chaired that Committee on Social Affairs, Science and Technology. Therefore, honourable senators, it is not asking too much that we reflect the provinces' views and, as proposed in Senator Phillip's amendment, that we wait another year for the meeting of provincial and Canadian Health Ministers. Let us try and give Canadians the best possible medicare and hospital care system.

If honourable senators on the Government side are once more bound by party line, the conclusion will be that this Government relishes confrontation with the provinces. That once more, this Government will not negotiate with the provinces. This Government, with its spending power, is helping build a federalism of such a centralizing nature that provinces will become mere regional agencies.

This is not the way the health care system should operate across Canada in our view. I urge the honourable senators opposite, those on the Government side, to support Senator Phillips' amendment so that we may give Canadians the best possible health program.

• (1520)

[*English*]

Hon. Richard A. Donahoe: Honourable senators, I had not intended to speak in this debate. However, I rise to say that the amendment proposed by Senator Phillips has my full support, and I urge others to join me in that support. In due course I shall express that support by my vote, but at this time I wish to say that things have been said here today that, in my view, should be refuted. If one believed what Senator Frith had to say, one would accept that the poor minister had been assiduously conferring with provincial Ministers of Health, endeavouring to reach a conclusion on this difficult matter, for a period of five years.

Senator Frith: No; I said three.

Senator Donahoe: The honourable senator said the conferring had been going on for five years. There is no use his shaking his head. That is what he said.

Senator Frith: No. I said three years with this minister; five years in total.

Senator Donahoe: The honourable senator said that the conferences had been continuing for five years.

Senator Frith: The problem had been continuing for five years.

Senator Donahoe: I simply want to say that to some extent I agree with that. There have been conferences going on for five years, between the federal Minister of Health and Welfare and the provincial Ministers of Health. However, they have been individual, separate conferences. On one day it was a conference between the federal minister and the minister of one province, and, the next day, between the federal minister and the minister of another province. To my knowledge, there has not been any conference comprising the federal Minister of Health and Welfare and all of the provincial Ministers of Health.

I had occasion to attend the excellent committee meeting convened by the Chairman of the Social Affairs, Science and Technology Committee, to which were invited all of the provincial Ministers of Health. They were all there, not only the provincial ministers, but also the Ministers of Health representing the territories. Each one was heard in succession—not just a few, but each one—and each minister was unanimous in saying "We do not want this bill. This bill will cause more difficulties than it will solve". As Senator Phillips has pointed out, this bill does nothing to improve health services—

Senator Frith: It will stop extra-billing. It is that simple. Of course it will cause problems, because it will stop extra billing. That is what it is supposed to do.

Senator Donahoe: I will come to that. The point that I wish to make, and that Senator Phillips made, is that those ministers came here not in a contentious or argumentative mood, not endeavouring to challenge the federal Minister of National Health and Welfare, but in a reasonable, sensible effort to reach a conclusion that would be a compromise and acceptable to all. They met with a stone wall and were told that they could not do it. Today we have a resolution which is similar to the one introduced by Senator Flynn last week, saying that we should defer the coming into effect of this bill to provide an opportunity for the federal Minister of Health and Welfare to meet with the Ministers of Health of the provinces and discuss the matter in the hope of achieving a peaceful and amicable solution. Again we are faced with a stone wall. This amendment provides an opportunity for the Senate to stand up and say that it believes in moderation, common sense, seeking compromise and that we are not in favour of a policy of confrontation. It would say that we believe that reasonable men and women, given the opportunity to sit and discuss problems, will come to a reasonable solution.

● (1530)

Honourable senators may vote as they please on the amendment but they must bear in mind that if they vote against it they are voting against the possibility of a conference at which all could be present to talk further about the suggestion. The minister may have conferred with all the provinces but she did so one at a time. How does one know what she said to any province?

Senator Frith: That is not right. What happened in Halifax?

[Senator Donahoe.]

Senator Donahoe: How do you know what was said?

Senator Frith: She met with all of them in Halifax.

Senator Donahoe: The federal ministry—I am not talking about the minister—was conferring on this question individually with the provinces and each time it made its case only to the person with whom the discussion was held.

Senator Frith: That is not true.

Senator Donahoe: Nobody knows what was said or what arguments were advanced. Certainly, the other nine provinces do not know what was said.

Senator Frith: She told us in committee that she met with them in Halifax and told them what took place. Read the committee record.

Senator Donahoe: She met with whom?

Senator Frith: The provincial ministers.

Senator Donahoe: I once attended a federal-provincial conference after which it was said there had been a conference between the provinces and the federal government. My response was a very simple one. When I speak of conferring I speak of meaningful conference, and there was no meaningful conference of any kind held with the Minister of Health.

Senator Frith: "Meaningful" means agreeing with you.

Senator Donahoe: It is a meaningful conference that is proposed today. I suggest that we will be doing less than our duty if we do not vote in favour of the amendment. If the minister has such a strong case and if her arguments are so sound, why is she fearful of putting them forward in full in an atmosphere where all will know what they are and will be able to judge them?

Senator Frith: She has done it.

Senator Donahoe: I was the Minister of Health for the Province of Nova Scotia for some 15 years. It was during the course of my time as minister that medicare and hospital insurance came into effect in Nova Scotia. The gentleman opposite reminds me of a man who was opposed to me politically and who endeavoured to injure me in every way with his publication. In my opinion he was a yellow journalist. He was overheard one day saying to somebody who had said in my defence, "After all, he brought hospital insurance and medicare to this province", "Maybe he did but he did not believe in them." I want honourable senators to know that I went the length and breadth of the province of Nova Scotia advocating the principles of medicare and hospital insurance and proving that we believed in them and brought them in.

At the time we brought these measures in we had to get the assistance and co-operation of the medical profession, which was not the easiest thing to do. One of the things we had to do to secure their support was include a provision in the bill that extra-billing—and in deference to the doctors, I must say that they do not like the term "extra-billing" but always called it "billing to schedule"—be allowed. I was not in favour of billing to schedule. I felt they were being generously treated

and thought that they should be satisfied with what they got. Nonetheless, in order to get their consent, agreement and co-operation, we included a clause permitting extra billing. I could say to you that you might say that we were yielding to the doctors and if we had been men of our word and of substance we would have stood up to the medical profession and not gone along with the proposal.

During the remaining years for which I was the Minister of Health, and there were many of them, we were funded in part by the federal government. We did not have premiums but paid according to a general tax. However, all the provisions in our act were accepted by the federal government. No question was ever raised on the matter. Never did they say that we were abusing the privileges given to overbill, nor did they ever use the word which my honourable friend used here this afternoon, "eroding". The honourable senator says that the whole structure of medicare and the whole health care system is being eroded by this provision for extra-billing and user fees. He did not make a very good case for it. I thought Senator Phillips answered that case before it was even made, but it is being made here again this afternoon. The honourable senator also talked about fantasies. He certainly ought to know about fantasies because if I ever heard anybody who could set up a bogey-man better than the senator is able to, he is not in this chamber.

Senator Phillips: He is a good disciple.

Senator Donahoe: There has never been any complaint by the ministry in Ottawa over the use made of those provisions in the act. We in Nova Scotia think we developed a very successful act and that we have provided good medical care. We realize that it is becoming increasingly difficult to do so because as the years have gone by the proportion of federal government support for the plan in general, as the senator clearly pointed out, has dropped. When I accepted the terms of the federal government for medicare on behalf of the Province of Nova Scotia I did so on the understanding that they would pay us 50 per cent of the cost of medicare. That is what they agreed to. If they are paying 50 per cent of the cost of medicare today I am a Dutchman.

Hon. Earl A. Hastings: You are a Dutchman.

Senator Frith: Senator "Van Donahoe."

Senator Donahoe: I can tell you I am not much of a Dutchman. I can tell honorable senators that the plan has worked well with no abuse or erosion and with no fear of erosion, other than a fancied one, in Nova Scotia. That fancied fear has been set up here this afternoon as the reason why we should act.

Senator Frith: $200 million worth of fancy.

Senator Donahoe: It is fancied, whether or not Senator Frith likes me to say so. It is a fanciful and imaginary fear and honourable senators are being asked to vote in favour of that fear. I say that it is an unjustified fear and one that does not exist. It is one that need not exist if the federal government had lived up to the obligations it undertook in the beginning.

I made a speech to this effect once before in this chamber. I said that the federal government does not provide the same proportion of the cost of health services that it agreed to provide in the beginning. Senator Austin rose to his feet and made a speech. In the speech he said that the Conservatives were opposed to medicare. Somebody said, "What makes you say that?" He said, "Well, they stood on their feet and said it." And somebody said, "Who said it?" He said, "Senator Donahoe said it." On a subsequent day I called him to account and asked him to justify how he could attribute such a comment to me. He was unable to do so and was so ungracious that he did not offer an apology. I want to say that we on this side of the house are not against medicare. We believe in medicare and we sympathize with its principles. We realize the difficulties in carrying out the health care program. We realize that these difficulties have been multiplied by the niggardly attitude of the federal government in its percentage of support.

• (1540)

We feel that we could arrive at a proper conclusion and do service to the people of Canada in the rendering of health care if the provincial ministers of health and the Minister of National Health and Welfare for Canada sat down and gave reasonable consideration to how that can best be accomplished. It certainly is not being accomplished in the best possible way by this bill. The quicker we talk about this bill and the quicker we see whether or not there is some opportunity to make it a sensible and meaningful one which can carry out the objects which it purports to carry out, then the better for all of the people of Canada.

Accordingly, I urge honourable senators to vote in support of the amendment as proposed by Senator Phillips.

Hon. M. Lorne Bonnell: Honourable senators, I did not intend to speak on third reading of this bill. However, after listening to Senator Donahoe's eloquent remarks I thought I should stand up and follow him, which is a difficult thing to do.

I would like to say that Senator Donahoe is correct when he says that he was the man who put medicare and hospital insurance into effect in the province of Nova Scotia. At the same time he was doing that I was carrying out a similar job in Prince Edward Island.

Hon. Senators: Hear, hear.

Senator Bonnell: Both Senator Donahoe and myself believed in what we were doing or we would not have done it. Honourable senators know that both of us are very determined men—we do not do anything we do not want to do. We certainly believed in the legislation at the time or we would not have supported it. However, at that time Senator Donahoe and myself had negotiated a good deal. We negotiated a deal in which we would receive 50 per cent of the national average and 50 per cent of the cost in our provinces. Since the costs in our provinces were less than the national average Nova Scotia received not 50 per cent but, perhaps, 55 per cent or 57 per cent while Prince Edward Island received approximately 70 per cent of the actual costs of medicare.

The ministers of health who followed us were not as astute politicians as we were. In 1977 they said that they did not want average billing; instead, they wanted block funding. That was the day the provinces put their foot in it—something for which Senator Donahoe and myself cannot be blamed. These ministers of health—and I do not know what political faith they were, that is immaterial—did not look far enough into the future as Senator Donahoe did.

Senator Donahoe says that the Minister of National Health and Welfare should put her ideals forward and let the people know what they are. I think she did that. She did that by putting on paper what we call Bill C-3. Every representative of the people in the other place, regardless of political faith, agreed with her. That is why we have the bill in this place today.

Hon. Jack Marshall: You cannot keep the audience's attention—they are all leaving!

Senator Bonnell: I can see that I cannot hold the audience's attention as well as Senator Donahoe did.

I sympathize with the Minister of National Health and Welfare in trying to put forth this bill in the realization that she does not have the consent of all provinces.

Senator Flynn: That is an understatement!

Senator Bonnell: I sympathize with all the ministers of health because they have their own concerns and they must go back to their people. I sympathize with the medical profession because as a result of this bill they will lose balance billing while hoping to obtain arbitration. However, that arbitration will not be compulsory.

I sympathize with the nursing profession because they are trying to have the word "practitioner" incorporated into the bill. I sympathize with the consumers because they do not want to have user fees or balance billing.

I sympathize with everybody. However, someone had to take the bull by the horns and the minister did that. Surprisingly enough, every member in the House of Commons supported her. She seems to have broad support from the representatives of the people.

Senator Flynn: At the federal level.

Senator Bonnell: At the federal level, yes, you are quite right, I should have said that.

I sympathize with Senator Phillips because I know he supports the bill. I understand that he supports the medical profession, the nurses, the dentists and, generally, health care.

Senator Asselin: He would like you to support his amendment, too.

Senator Bonnell: I would like to support his amendment.

Senator Asselin: I am sure you will.

Senator Bonnell: I would like to support everybody.

Senator Flynn: Then you must be a supporter of John Turner!

[Senator Bonnell.]

Senator Bonnell: I would like to ask one simple question of Senator Phillips in order to clarify in my own mind which way to vote on the amendment.

Senator Asselin: Abstain!

Senator Bonnell: I might have to do that if I do not receive an explanation.

Senator Asselin: You are the chairman of the committee, you could abstain.

Senator Bonnell: As chairman of the committee I am trying to balance the issues. I do not want to give my support one way or the other without having some good reason.

Senator Asselin: It would be a good thing for us if you were to abstain.

Senator Bonnell: I am sympathetic to Senator Phillips' motion. However, I did not quite understand one phase of his explanation. He said that he was surprised to find that some of the members of our committee were more concerned with $6 than they were with $6 billion. That left me with the impression that because of this concern of our members he wanted to give us another year in which to think about the matter. Before I vote I would like to ask him one question: Do you want a $6 extra fee? I did not receive the impression in committee that you did. I received the impression from the Leader of the Opposition in committee that you fellows on that side of the house were against extra billing, that you were against the $6.

Senator Asselin: I said that.

Senator Bonnell: You said it too. However, Senator Phillips seemed to think that we as committee members were taking the wrong attitude, that we should not be worried about the $6 but, rather, only about the $6 billion. Thus, I would like Senator Phillips to explain to me where he stands. Is he for the $6 extra fee or is he against it?

Senator Phillips: Honourable senators, I will be happy to explain to Senator Bonnell, after which I am sure I will have his support.

I do not recall saying that it was committee members—perhaps I did. I said that Senator Thériault expressed concern with respect to the $6 fee but did not express concern with respect to the $6 billion. I would far rather see the $6 fee eliminated and the $6 billion replaced. I hope that answers the honourable senator's question.

• (1550)

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, my intention was to base my arguments on some of the remarks made by Senator Frith. I just might give Senator Bonnell some second thoughts which will help him—at least, I hope so—to decide how he is going to vote on the amendment.

Senator Frith talked about five years of negotiations.

Senator Frith: No, of problems.

Senator Tremblay: If that is so, Senator Frith, I think you should say 15 to 20 years—in fact, back to the implementation

of those programs—and this allusion to five years of problems does not have any meaning in the context of our debate.

As I said the other day—but I think Senator Frith was then talking to somebody else—we have to start with the evidence given by Miss Bégin herself before the committee. She told us in no uncertain terms that she and her health colleagues had reached a consensus in May 1982, and the best definition of that consensus is the following statement she made herself:

> I finally convinced everybody in May 1982 that we ought to control extra-billing and user charges, which meant that extra-billing and user charges would be acceptable to a limited extent.

That seems to me to be the turning point in this case: in 1982, all health ministers, including the federal minister, had agreed that the growth of extra-billing and user charges ought to be slowed down. After May 1982, Miss Bégin changed her position. The consensus vanished. She introduced a bill to ban extra-billing and user charges.

I, for one, can live with the principle that a bill can do away with user charges and extra-billing, with equivalent monetary penalties. This brings me to the second remark made by Senator Frith—indeed, others have said the same thing, including Senator Hébert—who described the situation as if the issue were nothing more than user charges or extra-billing. However, honourable senators, you know very well that such is not the case in Bill C-3. Where is the reference to extra-billing and user charges? If we consider subtitles as parts of the bill, these are mentioned in part 8. Once again, I repeat that I agree with this. By and large, I agree with the nature of the penalty where there is no high-handedness. An amount corresponding to user fees and extra-billing will be withdrawn from the federal contribution. There could be some technical difficulty about the specific amount, but this is an objective, practical and measurable penalty and I foresee no problem in this regard.

However, especially as concerns penalties for other violations, the bill includes many other things which precede user fees and extra-billing. This shows that the purpose of this bill is much more general and that user fees and extra-billing are only a specific instance of a failure to comply.

Let us consider everything else, namely the other failures to comply. In my opinion, this is where we find the most fundamental flaw of this bill, which concerns the discretionary and high-handed powers given to the Cabinet. This is a perfect case of what I would call executive federalism and, in this case, the arbitrary powers of the Cabinet, in the most important parts of the legislation. Naturally, there is no problem in defining certain things generally in principle. Indeed, we are told that, in this regard, with a few amendments, of which some are, in fact, causing problems, this bill simply combines what was already contained in two previous laws. Definitions have been included. The general principles of medicare in Canada have been listed, namely, public management, integration, and so on. These principles are clearly defined. Finally, on all the points which correspond to sections 8 to 12, and finally section 13, violations are possible because, and this is where the bill appears to be high-handed, the legislation states that, in the case of a failure to comply, the following will happen:

> 14. (1) Subject to subsection (3), where the Minister, after consultation in accordance with subsection (2) with the minister responsible for health care in a province, is of the opinion that
>
> (a) the health care insurance plan of the province does not or has ceased to satisfy any one of the criteria described in sections 8 to 12, or
>
> (b) the province has failed to comply with any condition set out in section 13,
>
> and the province has not given an undertaking satisfactory to the Minister to remedy the default within a period that the Minister considers reasonable, the Minister shall refer the matter to the Governor in Council.

What will the Governor in Council do or what can he do? This is specified in section 15:

> 15. (1) Where, on the referral of a matter under section 14—

This is the section of which I read the first part; the second provides for an exchange of views between the federal Minister and the provinces, always on a consultative basis, naturally. As I was saying:

> 15. (1) Where, on the referral of a matter under section 14, the Governor in Council is of the opinion that the health care insurance plan of a province does not or has ceased to satisfy any one of the criteria described in sections 8 to 12 or that a province has failed to comply with any condition set out in section 13, the Governor in Council may, by order,
>
> (a) direct that any cash contribution or amount payable to that province for a fiscal year be reduced, in respect of each default, by an amount that the Governor in Council considers to be appropriate, having regard to the gravity of the default;

This sounds like a confessor or a teacher. And then:

> (b) where the Governor in Council considers it appropriate, direct that the whole of any cash contribution or amount payable to that province for a fiscal year be withheld.

• (1600)

I emphasize the words "where . . . (he) considers it appropriate". This is where the high-handedness comes in. In addition, instead of being well identified and limited to an identifiable offence, such as extra-billing or user fees, for which the penalty is perfectly matched with the offence, the penalty is undefined and the relationship between it and the failure to comply, to use the same wording as the bill, is left completely at the discretion of the Cabinet based on the report presented by the Minister.

Obviously, therefore, this bill does much more than to remedy the problem about which we have seen so many

examples of demagoguery on behalf of the poor patient who would be faced with a medical bill for $6, and I quite agree that he should have nothing to pay, but it still remains that these examples of demagoguery seem out of proportion sometimes with the nature of the problems. But let us put this aside.

So, that bill deals with many other things besides user charges and extra-billing. There are those discretionary provisions I have just described, for example. I feel that, the provinces can rightfully ask questions and demand explanations about those provisions because I am convinced that consultations were not as thorough on those aspects as some have suggested if they ever specifically dealt with user charges and extra-billing. Under those circumstances and considering even more basic facts, it seems to me that it would be proper and wise to take enough time to explain those other things, since those consultations would be more consistent with a system defined as a partnership between the federal government and the provinces. To impose such a bill would be unacceptable especially as far as those other issues are concerned and I insist on that because nobody challenges the provisions on user charges and extra-billing. I would even say that following such a meeting, if some provinces wanted to stick with user charges or extra-billing I would be willing to go along with the minister.

As for the rest, let us at least try to lessen the discretionary powers I mentioned earlier about penalties; let us at least give this matter some sober second thought. That brings to mind the way this House was ignored when it would have been so easy to include us in the process. Under clause 15(3):

> the Minister shall cause the order and statement to be laid before each House of Parliament on any of the first fifteen days on which that House is sitting after the order is made.

Moreover, clause 15(4) adds the following:

> (4) An order made under subsection (1) shall not come into force earlier than thirty days after a copy of the order has been sent to the government of the province concerned under subsection (3).

I raised the issue in committee this morning. Why not give both Houses or only this House, since the other House having voted on third reading has rejected my suggestion, enough time to act as a chamber of sober second thought in a matter such as the above-mentioned violations to determine to what extent the penalties for such violations are subject to an arbitrary decision of the cabinet. This is the most blatant case of what is called delegated legislation, which opens the door to all kinds of arbitrary decisions. I believe the Senate, as a chamber of sober second thought, should have the assurance that it will have time to review what is supposed to be tabled within 15 sitting days after the order is made. There is no such guarantee because, assuming the order is made at a time the Senate is not sitting, the 30-day period after a copy of the order has been sent to the province will expire before we resume sitting, so we will be informed after the fact. This guarantee seems essential to me in order for us to fulfill our responsibilities as a chamber of sober second thought and as moderators of delegated legislation and the discretionary powers of the executive branch—the protectors, in fact, of all parties against discretionary powers resulting from the way the bill has been drafted.

In fact, I must add that one of the recommendations in the report of the Special Committee on Senate Reform is precisely that the Senate should play an active role in matters of delegated legislation.

We have a good example here. In order to give such a guarantee, it is only necessary to add that an order made under subsection (1) shall not come into force earlier than 30 days after the order has been laid before the Senate. I do not believe such a guarantee could affect the implementation of the Act.

In fact, in answer to a question I asked this morning in committee regarding the three-month period from April 1, 1984, to June 30, 1984, during which there will be no penalties for extra-billing or user fees, Miss Bégin said that this three-month period was essential from an administrative point of view for the implementation of the system. I agree that three months is a reasonable period of time to get the whole thing under way. Once more, this shows that the bill deals with much more than extra-billing or user fees. Anyway, my suggestion does not create an additional problem. It has nothing to do with the administrative procedures involved here.

We must keep in mind that there is more to it than extra-billing and user fees, that the real problems stem precisely from these other matters, that careful thought will be required, and that, in the circumstances, the provinces have said they wish to discuss the matter in depth with the Health Minister. This is why I think the proposal to postpone consideration of the bill to allow time for a meeting, which was rejected the other day, made sense, and why the amendment proposed by Senator Phillips is sound. For these reasons, instead of going ahead in a climate of systematic confrontation between the federal government and the provinces, since the program is based by definition on partnership and co-operation, it seems to me we should agree to such an amendment which would make it possible to work things out rather than fight them out.

• (1610)

[*English*]

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Muir:

> That this bill be not now read the third time but that it be amended by:
>
> (1) replacing subclause 4 of clause 20 with: "No amount may be deducted under subsection (1) or (2) in respect of extra-billing or user charges in the period between April 1, 1985 and June 30, 1985."; and
>
> (2) replacing clause 34 with: "This Act shall come into force on April 1, 1985."

[Senator Tremblay.]

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 "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

• (1620)

Motion of Senator Phillips resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macquarrie
Beaubien	Marshall
Bielish	Muir
Donahoe	Phillips
Doody	Sherwood
Flynn	Tremblay—12.

NAYS

THE HONOURABLE SENATORS

Adams	Langlois
Anderson	Lapointe
Bonnell	Leblanc
Cottreau	Le Moyne
Frith	McGrand
Godfrey	Neiman
Guay	Olson
Haidasz	Perrault
Hastings	Petten
Hébert	Rousseau
Hicks	Stewart
Inman	Stollery
Kirby	Thériault
Kolber	Watt—28.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Hon. Stanley Haidasz: Honourable senators, before this process of birth of a new Canada Health Act takes place, I guess we can compare ourselves, in this chamber, to obstetricians attending the birth of a new Canada Health Act.

I would not want this opportunity to pass without paying a tribute to the Minister of National Health and Welfare for her courageous initiative in trying to save the medicare system of Canada, which we all believe is one of the best in the world and which all of us want to improve.

I have followed the proceedings of the committee and I want to say how much I admire the members of the opposition for their constructive criticism. I want to thank them for that because we have learned a lot from what they had to contribute. Also, our thanks should go to the chairman of our committee for the very fine way in which he has guided us through our study of the bill.

Some Hon. Senators: Hear, hear.

Senator Flynn: On a point of order, was Senator Haidasz resuming the debate on third reading?

Senator Haidasz: Before.

Hon. Joseph-Philippe Guay: Before.

Senator Asselin: Did you call third reading?

The Hon. the Speaker *pro tempore:* It is my understanding that Senator Haidasz is speaking on the matter at third reading.

Senator Frith: He made that speech without extra-billing.

[*Translation*]

Senator Flynn: In reply to Senator Haidasz, I must say that this birth may be a happy event for him, but the fact is that the majority had to resort to a Caesarian section.

[*English*]

Senator Frith: Yes, but you could have made it easier.

[*Translation*]

Senator Flynn: This is the position the provinces will take. The Canadian government fathered a child which the provinces, being the mother, will have to care for. This bodes evil for the new system.

There may not be much point in extending the debate. I would like to stress two things. Senator Hébert, who sponsored the bill, and Senator Thériault who supported it on the government side, and also Senator Frith, not to mention Senator Haidasz who could not really comment, and I except Senator Bonnell, all insisted on restricting the issue to extra-billing. Those who spoke before me on this side, Senator Phillips and Senator Donahoe, Senator Asselin and Senator Tremblay all emphasized that the bill goes much further in fact. The main issue is not extra-billing.

This morning in committee I questioned the Minister, without getting any answer on that—and anyway each time, we put a question in committee she sidetracked the question. She always came back with political points, because if you seem to support extra-billing however lightly, this could have been

included in an election platform. If there had been the least intention to solve that problem of extra-billing, the existing act could simply have been amended by adding the provisions in clauses 18 to 21 included. The question of extra-billing would have been solved. But the remaining parts substitute for the existing system a system open to arbitrary decisions. This is where we can expect difficulties.

It is a sad reflection that our efforts on this side of the House met with no understanding from the government side. We wanted to make it clear that between the two levels of government, there was no room for pressuring or high-handedness.

Although Senator Hébert said that since there was a majority to pass the legislation in the other place, our Canadian regions were well represented, I believe that the Senate has a regional role to play. This is not the thrust of our parliamentary system.

If in fact the Senate stays idle when the House of Commons has no answer, this second Chamber has no purpose. The intent was to solve the problem of popular representation, and what is why the Senate is not an elective body, even to this day, and why it is supposed to balance the people's reaction, what might be called the instinctive and electoral reaction of the House of Commons. The Senate was told to deal with those matters, to provide checks and balances to the popular feeling. It is much to be regretted, as I said, that the Senate did not discharge that responsibility placed upon it by the Founding Fathers. Once more we will have missed the goal.

Of course, it remains to be seen how the Senate will be reformed. One thing is certain, we will have missed an opportunity to prove that under exceptional circumstances, we can try to adjudicate between the central government and the provinces. We could then have had a chance of finding solutions, of removing the arbitrary character from the legislation. We missed this opportrunity. Let us now hope for the best.

● (1630)

[*English*]

Senator Frith: Honourable senators, perhaps I will clarify what I believe to be the position of the government and that of some of my colleagues on the particular issue raised by Senator Flynn. We agree with the motivation behind what he expressed; that is, that the Senate does have a clear role with regard to representations made by the provinces and with regard to regional interests. It seems to me, however, that there is a fallacy in the assumption that, if the Senate invites all of the provincial representatives interested in the particular piece of legislation to be heard—as it did in this case, for which the committee should be congratulated—and if the Senate fails to agree with them, then it has somehow abdicated its responsibilities. The logical corollary to that is that the only time the Senate fulfills its obligations is when it listens to the representations of the provinces and to those of the federal government, after which it must reject the position of the federal government and accept that of the provinces or else it has abdicated its responsibilities.

[Senator Flynn.]

Senator Flynn: Give us one occasion when that happened.

Senator Frith: What happened in this case is precisely what the Senate, in circumstances such as these, should have done. That is, the Senate invited and listened to all points of view, including those of the provincial representatives. In the considered opinion of many of my colleagues and certainly in my opinion, having heard those representations, this bill is necessary. We support the position taken by the federal government. The principles of this bill have been discussed on many occasions—contrary to what Senator Donahoe has said—when the minister has met with all of the provincial ministers. She has done so at least four times in the last year. After listening to all of the views on the matter, it is our belief that we ought to support the position of the federal government.

Therefore, I simply want it stated clearly on the record that, by voting in favour of this legislation, I and many of my colleagues believe in its principle, think it should be passed now and do not vote against or in any way contrary to the views of the provincial governments.

Some Hon. Senators: Hear, hear!

Senator Phillips: Honourable senators, I have a very brief—

Senator Frith: On a point of order, Mr. Speaker; Senator Phillips has spoken on the motion for third reading and I do not think that he can speak again.

Senator Phillips: Honourable senators, I seem to recall that Senator Frith has also participated.

Hon. Jack Marshall: He can do anything he wants.

Senator Frith: I spoke to the amendment.

Senator Phillips: You see, it is different over there.

The Hon. the Speaker *pro tempore:* Honourable Senator Phillips, I regret that the point has been made that you have spoken on this motion. Unless there is unanimous consent—

Some Hon. Senators: Yes.

Some Hon. Senators: No.

[*Translation*]

Senator Asselin: I should like to direct a question to Senator Frith. Has the Senate ever played its role as the guardian of the rights of regions, minorities and especially provinces? Give me just one instance when it did.

[*English*]

Senator Frith: Honourable senators, I will take that question as notice.

Motion agreed to and bill read third time and passed.

● (1640)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

17 April 1984

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 17th day of April, 1984, at 5.45 p.m., for the purpose of giving Royal Asent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, May 8, 1984, at two o'clock in the afternoon.

Honourable senators, I will explain if leave is granted.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, to reaffirm what I said earlier, the rules in the other place provide for adjournment this Thursday, April 19 until April 29. Therefore they will return on April 30.

I have inquired about legislation or other business that might require our returning on the same date. I have also discussed the matter with Senator Flynn, and it appears that on that basis there is no need for us to return the same week as the Commons. Therefore I have moved the adjournment of the Senate until Tuesday, May 8. I am proposing that we sit at 2 p.m. on that day because I believe that there will be a joint address to the House of Commons and the Senate at 11 a.m. that day. Honourable senators will be making arrangements to be here during the day anyway, and the Senate will therefore sit at 2 p.m. In accordance with our present agreement, we shall no doubt sit at 8 p.m. on the following Tuesday.

Hon. Henry D. Hicks: Honourable senators, at least one committee that I know of has tentatively been scheduled to meet at 1.30 p.m. on that day, on the assumption that the Senate would be sitting at 8 p.m. that evening. This may not be a matter of great moment, but it seems a pity to change the time. No doubt Senator Doody should speak to this matter, but he is not present in the chamber.

Senator Frith: Honourable senators, we are always sensitive to plans that are made on the basis of our proposed schedules, and we expect some flexibility and sensitivity from our committee chairmen, just as they expect the same degree of flexibility and sensitivity from us. These things happen, but I am sure that the honourable senator will agree that they do not happen that often. It is regrettable, but we have to be flexible for such things as joint addresses and other unexpected parliamentary events.

Motion agreed to.

CANADIAN VETERANS

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE

Hon. Jack Marshall: Honourable senators, I give notice that on Tuesday, May 8, 1984, I will move:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues still facing Canadian veterans;

That the Committee be composed of 5 Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than November 1, 1984.

SHIPPING CONFERENCES EXEMPTION ACT, 1979

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Robichaud, P.C., for the second reading of the Bill S-12, intituled: "An Act to amend the Shipping Conferences Exemption Act, 1979".—(*Honourable Senator Asselin P.C.*).

Hon. Martial Asselin: Honourable senators, I crave your indulgence because it would appear that we should proceed with second reading of this bill in view of the fact that there is

some urgency to have the bill referred to the appropriate Senate committee.

This is not a controversial bill, although it is a rather technical one. I made a search and learned that no legislative action was taken on this matter until 1971, when Parliament enacted the Shipping Conferences Exemption Act, which came into force on April 1, 1971. The act expired on March 31, 1979 and was replaced by the Shipping Conferences Exemption Act, 1979. The act would have ceased to be in force on March 31, 1984, but has been extended for one year to March 31, 1985.

The purpose of the Shipping Conferences Exemption Act, 1979, is to exempt certain shipping conference practices from the provisions of the Combines Investigation Act in order to allow them to continue to exist on a legal basis. The act allows conferences to operate freely in Canadian trade subject to certain requirements designed to protect the public interest.

Conferences are required to supply the shippers' group with information sufficient for the satisfactory conduct of meetings between the two groups. The 1979 act requires conferences to make available to the public for inspection all documents and tariffs filed with the Canadian Transport Commission.

An interdepartmental committee under the Ministry of Transport was formed to review the 1979 act. Other departments included Consumer and Corporate Affairs, Finance, External Affairs, Economic Development and the Treasury Board.

The CTC held public hearings during June 1982 to examine the operations and administration of the provisions of the act, and their report was distributed in February, 1983. In addition, there were five studies commissioned to review various aspects of the act.

The general conclusion was that Canadian trade was being reasonably served by the conferences, but major points emerging from the reviews were the availability of information, meaningful consultation, and an effective method of dispute settlement. Other proposals addressed areas in the current act requiring clarification and areas requiring changes to ensure that competition is not unduly restricted, and that the public interest is protected.

With regard to the amendments to the act, the major provisions of the new policy are to require meaningful consultation between conferences and shipper representatives; conferences to give 90 days' notice of freight rate increases, and 14 days' notice of surcharge increases; and conferences and the designated shippers' group to submit annual reports.

Amendments to the act establish the right of either party to submit unresolved matters to conciliation; that failing to negotiate in good faith is against the public interest; and, the right of independent action for members of a conference where there is no regularly scheduled service provided by a non-conference carrier.

● (1650)

The amendments removed the present exemption from the Combines Investigation Act which provided for contracts, agreements or arrangments between conferences and independents. The amendments clarified that the Director of Investigation is a person, that contracts, agreements or arrangements between members of a conference must be filed before being exempt from the Combines Investigation Act; that patronage contracts may be for less than 100 per cent of the shippers' goods and that the act does not grant exemption from the Combines Investigation Act for predatory behaviour. Finally, the amendments authorize an increase in fines for penalties under the act and the CTC to lift the exemption provided to conferences if necessary to protect the public interest.

[*Translation*]

It would seem to me that the purpose of the new amendments is to give the Canadian Transport Commission a leading role as umpire or, better still, as supervisor with respect to agreements, rates and penalties if the provisions are not respected.

The conferences can still operate freely in Canada, provided they meet additional requirements designed to better safeguard the public interest.

The shipping conferences will therefore have to follow stricter guidelines which will enable them to follow certain standards and benefit from exemptions under the Combines Investigation Act.

I still cannot understand the full meaning of the second objective described by Senator Frith, which is to promote the settlement of conflicts between the parties involved, without the intervention of the Canadian Transport Commission. In case of conflict, as we know, the CTC attends the consultation proceedings only as an observer, but in no way does it intervene as umpire; the parties involved are left to find a way out of the conflict.

I would be inclined to give the CTC a wider mandate to intervene since we are talking about conflicts between shippers and, therefore, the public interest is at stake.

Having said that, honourable senators, I think it would be interesting to know more about studies which were made during a sitting of the committee and to which I referred earlier, because that would give us a clearer idea of the impact of this legislation on shipping conferences.

I have no objection to the bill being referred to the appropriate Senate committee.

The Hon. the Speaker *pro tempore:* Honourable senators, I must point out that if Senator Frith takes the floor now, his speech will close the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, I think I have nothing to add concerning the substance of this bill.

As to the reference to a committee, it seems to me that, although some aspects of this bill could be considered by various committees, when we changed the terms of reference of the committees, we made a distinction between the two jurisdictions of the Department of Consumer and Corporate

Affairs so as to single out the field of competition in banking, trade and commerce.

For that reason, honourable senators, I would suggest that that is the committee to which the bill should be referred.

If the bill is given second reading, I intend to move that the bill be referred to the Banking, Trade and Commerce Committee.

Motion agreed to and bill read the second time.

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

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Committee on Banking, Trade and Commerce.

Motion agreed to.

[*English*]

ROYAL CANADIAN MOUNTED POLICE

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-13

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine the subject-matter of the Bill C-13, intituled: "An Act to amend the Royal Canadian Mounted Police Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

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

Senator Frith: Honourable senators, there is the possibility of confusion between this bill and the bill to establish the Security Intelligence Service. They are not the same. This bill deals with some changes, apparently supported by the force, to the Royal Canadian Mounted Police Act. The minister and the government have asked the Senate to consider studying the matter in advance and that is why the motion is being proposed.

Hon. Jacques Flynn (Leader of the Opposition): At what stage is this bill in the other place?

Senator Frith: I believe it is at first reading.

Senator Flynn: So it has not been debated or referred to committee?

Senator Frith: That is my understanding. The point Senator Flynn is thinking of is that we do not like to study a bill in advance here while it is before a committee of the other place.

Senator Flynn: If the government does not see the possibility of proceeding with the bill until some time in the near future, I think we can accept the motion of the deputy leader. I suppose we have to assume that that is the situation.

Senator Frith: Perhaps we will have to consider how far the committee goes ahead on the matter. The bill received first reading on January 30 and it is my understanding from the minister that it is not his intention to proceed with the bill in the other place until he has received the report of our committee or, at least, until he knows that we have studied the matter.

Motion agreed to.

ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO MEET DURING SITTNGS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government) for Senator Hastings, moved:

> That for the balance of the present Session, the Standing Senate Committee on Energy and Natural Resources have power to sit at four o'clock in the afternoon on Wednesdays, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

He said: When the committee chairmen recommended that we resume sittings on Wednesday they also agreed to leave the latter part of the afternoon for committees. Honourable senators will remember that previously the whole afternoon was open for committees. That is why Senator Hastings is asking for this permission to sit at four o'clock.

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

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Brian Dickson, 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 Speaker, the Honourable Deputy Governor General was pleased to give the Royal Assent to the following bills:

> An Act relating to cash contributions by Canada in respect of insured health services provided under provincial health care insurance plans and amounts payable by Canada in respect of extended health care services and to amend and repeal certain Acts in consequence thereof (*Bill C-3 Chapter No. 6*)
>
> An Act to provide an exception from the public general law relating to marriage in the case of Gerald Harvey Fudge and Audrey Marie Saunders (*Bill S-2*)
>
> An Act to provide an exception from the public general law relating to marriage in the case of Louis Philippe Nadeau and Marie Thérèse Rita Brulé (*Bill S-3*)
>
> An Act to provide an exception from the public general law relating to marriage in the case of Ernest Hodel and Norma Dora Laurie (*Bill S-4*)

An Act to provide an exception from the public general law relating to marriage in the case of Benjamin Josheph Andrade and Heather Winnifred Andrade (*Bill S-5*)

An act to provide an exception from the public general law relating to marriage in the case of Juan Andrade and Emilia Rodriguez (*Bill S-6*)

An Act to provide an exception from the public general law relating to marriage in the case of Henri Patry and Aldéa Béa Pitt (*Bill S-7*)

An Act to provide an exception from the public general law relating to marriage in the case of Joseph Roland Réjean Daoust and Marie Lise Sylvie Girard (*Bill S-8*)

An Act to provide an exception from the public general law relating to marriage in the case of Pearl Kim Lee and Thomas Siegfried Wieland (*Bill S-9*)

The House of Commons withdrew.

The Honourable Deputy Governor General was pleased to retire.

The sitting of the Senate resumed.

VISITORS IN GALLERY

AWARD WINNING LAW STUDENTS AND PRESIDENT OF CANADIAN BAR ASSOCIATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I move the motion to adjourn, the Chairman of the Senate Standing Committee on Legal and Constitutional Affairs has asked for leave to recognize some special guests in the gallery.

Hon. Joan Neiman: Honourable senators, before we adjourn, I would like to draw to your attention the presence in the south gallery of some very distinguished visitors, four law students who were awarded prizes by His Excellency the Governor General this morning at the second annual Law Day Essay Competition, in which all law schools in Canada took part. This competition is sponsored by the Law Reform Commission of Canada and the Canadian Bar Association.

The winners are:

Lilja Elianne Lawler, Osgoode Hall, York University, first prize in English.

Pierre Rainville, Université Laval, first prize in French.

Leonard Abramowicz, McGill University, second prize in English.

Louise Maguire Wellington, Université d'Ottawa, Section Droit civil, second prize in French.

Hon. Senators: Hear, hear.

Senator Neiman: Accompanying the winners at the award ceremony this morning, and also in the gallery, are some distinguished members of the Canadian Bar. In particular, it gives me pleasure to welcome Mr. Robert McKercher, the President of the Canadian Bar Association, and Mrs. McKercher.

EASTER GREETINGS

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before we adjourn, I would like to wish you a rewarding Easter holiday.

Hon. Jacques Flynn (Leader of the Opposition): On behalf of our side, I wish all the senators opposite a Happy Easter and the resurrection I had hoped for on Bill C-3. Perhaps it will occur on some other occasion.

The Hon. the Speaker *pro tempore:* If you allow me, before we leave this Chamber, I would like to wish everyone a very Happy Easter and a well earned holiday. I invite you to the usual reception, and I also invite the pages and the Senate staff since during the break we shall be losing Anne-Marie Fortin, a page who has been with us for quite a while. I therefore suggest that the pages and the staff of the Senate keep us company on this occasion.

[*English*]

I would also like to extend an invitation to the four winners of the Law Day 1984 Essay Competition, together with the distinguished members of the Canadian Bar, to join with us on this occasion.

The Senate adjourned until Tuesday, May 8, 1984 at 2 p.m.

THE SENATE

Tuesday, May 8, 1984

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

Prayers.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

STANDING JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Friday, May 4, 1984

ORDERED—That the Members to serve on the part of this House on the Standing Joint Committee on Official Languages Policy and Programs be Mr. Berger, Mr. Bockstael, Mr. Bosley, Mr. Clarke (Vancouver Quadra), Mme Côté, Mr. Gauthier, Mr. Gimaiel, Mr. Gourd, Mr. Hawkes, Mr. Kilgour, Mr. Marceau, Ms McDonald (Broadview—Greenwood), Mr. Nystrom, Mr. Reid (Kenora—Rainy River) and Mr. St. Germain;

That all reports of the Commissioner of Official Languages and the evidence adduced by the Special Joint Committee on Official Languages in the present Parliament be deemed to have been referred to the said committee; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

C. B. Koester
The Clerk of the House of Commons

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-205, AN ACT TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF HULL—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-205, an Act to change the name of the electoral district of Hull.

Bill read first time.

The Hon. the Speaker: When shall this bill be read a second time, honourable senators?

Hon. Fernand-E. Leblanc: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move:

That the bill be placed on the Orders of the Day for second reading later today.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, if the bill's sponsor has any reasons for asking us to proceed immediately, I would appreciate hearing them now.

Senator Leblanc: Honourable senators, there is no special reason, except that the bill was presented the first time on November 23, 1983, as Bill C-698. It has now been presented again, and the people of Aylmer are anxious to have the riding known as Aylmer-Hull instead of just Hull. Obviously, the purpose of the bill is to do these people a favour, since part of the Town of Aylmer is now included in the riding of Hull, and the member thinks that in order to identify the component parts of his riding, it would be better to call the riding Aylmer-Hull.

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

Senator Flynn: Honourable senators, I think the fact that the sponsor of the bill wishes to speak to the bill today may be considered an urgent reason. Therefore, leave is granted.

Motion agreed to.

[*English*]

SPORTS POOL

TABLING OF ORDER IN COUNCIL

On the tabling of documents:

Hon. Jacques Flynn (Leader of the Opposition): With respect to the tabling of documents, does the Leader of the Government in the Senate intend to table a copy of the Order in Council concerning the Sports Pool, or the government's definition of the word "lottery"?

Hon. H. A. Olson (Leader of the Government): Yes, that document will be tabled in due course. I do not have it with me today.

Senator Flynn: I would be very curious to see it.

Senator Olson: I probably will not have that document for a day or two, but I will convey the curiosity of the Leader of the Opposition to those responsible, and obtain that document as soon as possible.

Senator Flynn: You may be sure that there are also others who are curious.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the Fourth Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I would 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.

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Godfrey: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the sitting of the Senate on Wednesday, May 16, 1984.

Motion agreed to.

(*For text of report see Appendix, "A", p. 532*)

COMMITTEE OF SELECTION

FOURTH REPORT PRESENTED AND ADOPTED

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

FOURTH REPORT

Pursuant to Rule 66(1)(b), your committee submits herewith the list of Senators nominated by it to serve on the Standing Joint Committee on Official Languages Policy and Programs.

The Honourable Senators Asselin, Bosa, Donahoe, Guay, Hébert, Le Moyne, Murray, Thériault, Wood.

Respectfully submitted,

WILLIAM J. PETTEN
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(f), I move that the report be adopted now.

Motion agreed to.

● (1410)

[*Translation*]

HIS EXCELLENCY MIGUEL DE LA MADRID PRESIDENT OF MEXICO

ADDRESS TO MEMBERS OF BOTH HOUSES OF PARLIAMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the address of His Excellency the President of Mexico to members of both Houses of Parliament, delivered today, May 8, 1984, together with the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches delivered by the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

Some Hon. Members: Agreed.

Motion agreed to.

(*For text of address and introductory speeches see Appendix "B", page 533.*)

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at 4 p.m. today, while the Senate is sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit tomorrow, Wednesday, May 9, 1984, while the Senate is sitting, and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, a meeting of this committee is scheduled for tomorrow afternoon at two o'clock. There will also be a meeting of the Committee on National Defence at four o'clock. The Chairman of the Committee on Banking, Trade and Commerce has arranged for a briefing session with departmental officials on the shipping conferences legislation, when probably a decision will also be made about scheduling the committee's meetings.

This is in line with our informal rule that only one committee should be sitting at the same time as the Senate. However, it was our plan to adjourn as early as possible Wednesday afternoon, and this also applies to the other committee, even tomorrow morning. That is why permission is being sought to allow the committee to meet at two o'clock tomorrow afternoon.

Motion agreed to.

HUMAN RIGHTS

JAPANESE-CANADIANS—MOTION RE GOVERNMENT APOLOGY AND COMPENSATION—STATEMENT BY SPEAKER

The Hon. the Speaker: On April 10, 1984, the Honourable Senator Grafstein gave notice of a motion which was preceded by a preamble. The Honourable Senator Frith raised a point of order pursuant to Rule 22 and suggested that I recommend to the mover of the motion to withdraw the said preamble so that the motion might be put in accordance with the Rules of the Senate.

If the Honourable Senator Grafstein agrees, pursuant to citation 397 of *Beauchesne's Parliamentary Rules and Forms*, 5th Edition, to amend his notice of motion by withdrawing the three paragraphs of the preamble, we will be able to proceed with the notice of motion as amended.

[*English*]

Hon. Jerahmiel S. Grafstein: I agree and I will do that, Mr. Speaker.

QUESTION PERIOD

[*English*]

OFFICE OF COMPTROLLER GENERAL

VACANCY

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the vacant position of Comptroller General of Canada. The minister will recall that the position was established as a result of recommendations made by the Auditor General. The minister will also know that the incumbent was appointed recently as Deputy Minister of National Revenue. I would like the minister to let us know whether it is the government's intention to retain the position as it is or, alternatively, whether the government had in mind having the Comptroller General's Office absorbed by some other department. Secondly, I should like to know what the intentions of the government are with respect to the appointment of a replacement for or a successor to Mr. Rodgers.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should advise at the outset that before we recessed Senator Leblanc asked a question which while it was not identical was the same subject matter, and I have to tell both Senator Leblanc and Senator Murray that I do not have a reply today. I have heard nothing to indicate that that office was going to be absorbed by another department. However, I shall refer that question in order to get a more specific answer.

PARLIAMENT HILL

LANDSCAPING

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government or to his deputy. I was one of those who did not leave Ottawa during the Easter recess and, therefore, had a ringside seat to what I consider a gross act of desecration on these Parliament Hill grounds. One day I saw numerous beautiful pine trees uprooted and torn out and discovered that the lovely tulips which were an adornment to this place and which brought joy to Canadians and visitors for many years were also torn out. I have since heard that the reason for this environmental desecration is that someone has decided that we are going to have a Son et Lumière presentation on Parliament Hill. I cannot tell from the news reports whether it is going to cost $2.3 million or whether it is going to cost $2 million or $3 million. But having regard to the way this government spends money, neither figure would surprise me. After all, one of their ancestors said "What's a million anyway?"

I was embarrassed when Canadians asked me what was going on and I could not answer them but could only observe the desecration before me. So, I wish to know when it was decided that this should be done, by whom it was decided and, above all else, why it was decided.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: Apparently, we have something else that is not appropriate upon the grounds of a democratic Parliament. We are going to have a two-level system of citizenship—those who pay may sit and the other poor characters will stand to watch the Son et Lumiére. As Harry Truman, who was born 100 years ago today, would have said: "It is one of the damnedest things I have ever heard of."

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think that Senator Macquarrie's comments are perhaps inappropriate until he gets an answer to the first part of his question, but since he intends to condemn in the absence of information, that is his choice. However, I will take the serious part of his question and try to get an explanation—

Hon. Jacques Flynn (Leader of the Opposition): Which part is the serious part?

Senator Olson: —to fill in those details that he does not already know about because, obviously, he has already made some inquiries.

• (1420)

I would also suggest to him that when changes to improve the grounds are undertaken, whatever they may be, there are always a few days during which there is some dislocation of what has been set for a long time, including trees and tulips. Everyone regrets that, but we also know that if necessary changes are to be made, the construction crew has no choice but to do carefully what, I think, they are doing very carefully.

Senator Macquarrie: Although the minister may undertake the research necessary to supply the answer, I can say that the two items whose absence I have deplored have already disappeared, namely, the beautiful pine trees and the tulips. My reaction to that does not have to wait upon a reply from the minister. I think it was a very bad environmental move, in fact,

an outrageous and disgraceful one. We will see whether my figures are right or wrong.

As for knowing a little about the answer, John Diefenbaker told me 20 years ago that you should never stand up to ask a question if you do not know the answer.

Senator Olson: I had suspected that to be the basis of Senator Macquarrie's *modus operandi*; now it is confirmed.

Senator Flynn: We always know the answer because the Leader of the Government never gives us any.

Some Hon. Senators: Shame.

Hon. John M. Godfrey: As a supplementary question, I would point out that, for about eight or nine years, I have been trying to persuade a succession of Speakers—although I have not yet approached the present one—to have some trees planted on the east side of the Parliament Buildings to partially conceal those office buildings that were erected in Hull several years ago from those of us who walk up from the Chateau Laurier—a beautiful walk. There are trees on the west side of the Parliament Buildings, but nothing has been done on the east side.

I would ask the Leader of the Government in the Senate, while inquiring about cutting trees down, to make some inquiries about the possibility of having some trees planted in a suitable location on the east side.

Senator Olson: I could do that, but I am afraid I would not agree with the reasons Senator Godfrey puts forward for having the trees planted because I think there is a beautiful view of the river. In any event, I will make the inquiry.

Senator Godfrey: The view of the river is beautiful and should not be interfered with, but my concern arises because we can see those big office buildings.

Senator Olson: It is in the same direction.

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Leader of the Government in the Senate and, for his peace of mind, I would point out that it is not one to which I know the answer.

If we are to spend an indeterminate amount of $2 million or $3 million or $2.3 million, in order to have a Son et Lumière at the Parliament Buildings, ostensibly, as I understood from the Leader of the Government, to enhance the buildings and to improve their use and their appearance for the benefit of the people of Canada, is it the intention of the government to continue to allow the presence of the so-called "peace camp" on the front steps leading up to the Parliament Buildings?

Senator Olson: Honourable senators, that is a pretty complex question for a number of reasons. My honourable friend knows that a lot of members of Parliament and other citizens have been less than happy—I think that is the better way of putting it—by the presence of that peace camp. However, there is also such a thing as respect for Canadian citizens' right to protest, which is a valid right in this country.

If the honourable senator so wishes, I could direct a question to the Minister of Public Works who is in charge of the grounds. I will try to obtain an answer with respect to that.

[Senator Macquarrie.]

Senator Donahoe: As a further supplementary, would the minister, at the same time that he is seeking that information, also be kind enough to see if an anti-abortion group would have the same privileges as the anti-missile group? Is there any limit to the number of groups which may seek such support and have it granted to them? I am sincere in wanting to have an answer to these questions.

Senator Olson: Honourable senators, the question raises some speculation as to the sort of rules or preconditions the honourable senator wishes be applied.

Senator Donahoe: The government makes the rules, I do not. I only want to know what they are.

Senator Olson: No, the government does not make the rules. The Parliament of Canada makes the rules as to the kind of activity in which Canadians will be allowed to involve themselves respecting protests and that sort of thing.

Hon. Joseph-Philippe Guay: Honourable senators, in view of the questions asked by Senator Macquarrie and others, would the Leader of the Government also look into the matter of a report from the security service pertaining to what has taken place on the grounds of Parliament Hill?

Senator Olson: I am sure that Senator Guay intended some more precision to his question than what I have gathered from it. As I understand it, it is a general question on security with respect to this matter. It seemed somewhat broad or ambiguous. Perhaps he could help me by clarifying the point a little more.

Senator Flynn: You were describing your reply.

Hon. Daniel Riley: Honourable senators, I, too, would like to pose a question to the Leader of the Government in relation to the beautification, the enhancement and the aesthetics of the area in front of the Parliament Buildings. I would like to know whether the tulip beds, the trimmed pine bushes and the lilac bushes are to be replaced by bleachers?

Senator Olson: Honourable senators, I will inquire into the matter. Perhaps I will get enough information so that honourable senators may know what the plan is at the present time in terms of re-designing those areas that have been disturbed.

Hon. Lowell Murray: Would the minister, at some point, bring in a considered statement as to the attitude of the government on the status of the Parliament Buildings? Is it the view of the government that the grounds and the Parliament Buildings fall into the same category as does any other government building and therefore can be altered at the total discretion of the government? Is there not some obligation on the part of the government to consult members of both chambers of Parliament, before undertaking a work such as that which we are discussing this afternoon?

Senator Olson: Yes, honourable senators, I could make such an inquiry, although I think that it is generally accepted that

the government has responsibility for a number of things, including maintenance and administration.

Senator Flynn: Maintenance, yes.

Hon. Hartland de M. Molson: Honourable senators, I should first like to ask the Leader of the Government whether, in this case, where a fairly major change is being made, the National Capital Commission is involved? Secondly, will this beautification or desecration program result in the elimination of the Changing of the Guard on the lawn in front of the Parliament Buildings each summer morning?

Senator Olson: Honourable senators, I will have to take that question as notice because I do not know the relationship between the modifications or activities that have been described and the Changing of the Guard that normally takes place each morning during July and August.

NATIONAL ENERGY PROGRAM

STATEMENT OF AMERICAN AMBASSADOR

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate. I should like to quote from the first three paragraphs of a report which appeared in the Sunday, April 29, 1984, issue of the Toronto *Star*. The report was headlined: "Energy Program Disaster for Canada U. S. Envoy Says." The report states:

> The National Energy Program is 'a disaster' that any new government will change, U. S. ambassador Paul Robinson says.
>
> Robinson said the government's controversial policy—intended to promote exploration, energy self-sufficiency and greater Canadian control of the oil industry—was a mistake that will not be repeated.
>
> 'It is a disaster for Canada,' he said. 'It hasn't achieved what was expected and hoped of it. I think this government or any other government would do it differently if they had to do it over again!

My question is: What steps does the government intend to take with respect to this latest outrageous interference by the American ambassador in the internal politics of this country? Might I suggest that he be told to either shut up or go back to Chicago where, as a private citizen, he is at perfect liberty to make any comments he may wish.

• (1430)

Hon. H. A. Olson (Leader of the Government): Honourable senators, as Senator Godfrey has pointed out, the American ambassador's statement was carried in the press approximately two weeks ago and therefore I have had time to make inquiries and can provide a precise answer to the honourable senator's question, of which he was kind enough to give me notice.

Ambassador Robinson has now been in Canada for approximately three years, and we are familiar with his views on certain issues in the relationship, and also with the manner in which he chooses to express them.

The Secretary of State for External Affairs has met with Secretary Shultz at least four times each year since they assumed their current positions. They believe they have made progress on the issues that Ambassador Robinson has raised, and that this has contributed to an improvement in the overall state of the relationship.

On the National Energy Program, Secretary Shultz and the Secretary of State for External Affairs have narrowed their differences. Mr. MacEachen has told him that the NEP is no more retroactive in its application than many other measures taken by a substantial number of countries around the world, including the United States, which introduced a windfall profits tax.

He has also made it clear that the government believes that the NEP represents an attractive regime for Canadian and foreign investors, and that the current pace of activity in crown lands demonstrates this very clearly.

Hon. Duff Roblin (Deputy Leader of the Opposition): It ought to, at 80 cents.

Senator Godfrey: As a supplementary, I should point out that Ambassador Robinson did not confine himself to that part of the National Energy Program providing for the 25 per cent back in, to which we all know they have objected for some time. He made a general sweeping statement about the whole program, and that is what I am objecting to.

Senator Olson: I understood that very clearly, and if the honourable senator will read the answer I have given, he will see there a clear, precise and targeted response to that general application.

COMMUNICATIONS

SASKATCHEWAN—TELEVISION SIGNAL-RECEIVING DISHES

Hon. Sidney L. Buckwold: Honourable senators, my question is for the Leader of the Government. Representation has been made to me in Saskatchewan, particularly from people in the northeastern part of the province, regarding the problem created by a group of small town individuals and farmers in the general area who, because of some misunderstanding in the application of the CRTC rules regarding communication signal-receiving dishes, have organized themselves into a co-op and, by purchasing a receiving dish they bring in programs from outside stations which otherwise would not be available in those remote areas.

Honourable senators may have seen an article on this subject published recently in the press. The RCMP has now threatened such individuals with substantial fines of up to $1,000 per day.

There seems to be a good deal of confusion, not on the part of the minister or the CRTC who have formulated certain regulations, but in the interpretation of those regulations.

My question is: Would the minister present a report to the Senate as soon as possible on the situation and indicate whether the problem can be resolved? The people involved feel that they are providing themselves with a source of entertain-

ments to be of people who are more closely related to the industry, such as somebody from the unions or somebody from the west coast or central part of Newfoundland. My question is: Why were all the appointees from St. John's and why were interest if something could be done to meet the situation through the goodwill of the minister and the CRTC.

Hon. H. A. Olson (Leader of the Government): Honourable senators, at the outset I wish to say that although I am not completely familiar with the situation, I have seen a number of press reports to which Senator Buckwold has referred, attempting—however accurately, I do not know—to convey the views of people in the area who, as the honourable senator has said, are taking a practical approach to obtain those signals, which is resulting in conflict with the CRTC and other regulations. I shall try to get an answer soon but it may take some time because a very intense effort is being made to accomplish the desirable course of action Senator Buckwold has indicated.

NEWFOUNDLAND

ICE STORM—POSSIBLE GOVERNMENT ASSISTANCE TO VICTIMS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. It has to do with the ice storm last month which caused considerable damage in the province of Newfoundland. In the other place, the government house leader has indicated to an honourable member from Newfoundland that the government will do all it can to alleviate the situation and assist the population of Newfoundland. In view of the urgency of the matter, would the Leader of the Government obtain a more detailed reply indicating what action the government intends to take under the federal Disaster Financial Assistance Program to correct the situation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will do as Senator Marshall requested but I do not think that he really believes that I can get an answer any quicker than the minister who took the question in the other place. That minister and I will probably receive the answer at about the same time, and I shall try to convey it to the Senate at that time.

Senator Marshall: It has been a couple of weeks since the question was asked. I am sure that the house leader's office is efficient enough to have an answer by this time. Of course, the reason I did not ask the question earlier is that we were not sitting.

FISHERY PRODUCTS INTERNATIONAL LTD.

APPOINTMENTS TO BOARD OF DIRECTORS

Hon. Jack Marshall: Honourable senators, I have a question for Senator Austin dealing with the appointments to the Board of Directors of Fishery Products International Ltd. I understand that four very capable men have been appointed along with Mr. Andrew Crosbie. I would expect some of the appointment which otherwise would not be available. It is correct that such people are contravening CRTC regulations. However, the matter is of some importance to a large number of people who live in that part of the province and it would be of great appointments not made to reflect a broader scope of the industry?

[Senator Buckwold.]

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, 60 per cent of Fishery Products International Limited is held by the federal government, 25 per cent is held by the Province of Newfoundland and the remainder by the Bank of Nova Scotia. The bank has the right to appoint one director, the province to appoint three directors and the federal government to appoint five directors. I can only speak on the five federally appointed directors. Of those five directors three are from the province of Newfoundland, one resides in Winnipeg—Peter Moss, former President and Chief Executive Officer of the Freshwater Fish Marketing Board—and the final federal director is Mr. Joel Bell, President of Canada Development Investment Corporation. The desire of all the shareholders in the appointment of directors to FPI was to give that company a sound commercial business-like board. It is necessary for that board of directors to meet frequently in its current efforts to rebuild FPI. Mr. Andrew Crosbie has been appointed as the interim chairman. He is one of the federal directors from Newfoundland along with Mr. Hickman and Mr. Tilley.

The company is very actively involved in its restructuring and in developing a new corporate and business plan. Consideration was given by the Minister of Fisheries and Oceans, the Honourable Pierre De Bané, and Premier Peckford to the appointment of a director from among the labour unions. Indeed, the shareholders' agreement of September 26, 1983, contains as part of the total labour package, provision for a labour appointment provided the unions wish to become members of an incentives system under which they would earn equity in the company. Consequently one vacancy remains on the Board of Directors in the event that offer is taken up.

• (1440)

IMMIGRATION

MARRIAGES OF CONVENIENCE—OFFICIAL DISCRETION

Hon. Peter A. Stollery: Honourable senators, I should like to direct a question to the Leader of the Government. According to press reports today the federal cabinet has approved new rules which would allow the Department of Immigration to make what appear to me to be subjective decisions respecting the question of marriages of convenience. These are marriages which are arranged making it easier for people to immigrate to Canada.

The report in this morning's paper gave the impression that there will be a great deal of discretion allowed immigration officers with respect to this matter. At the same time, there does not seem to be any protection with respect to what will

obviously be subjective interpretations regarding whether or not someone has married for convenience. I wish to know what guidelines and rules will be given to immigration officers to follow in order to protect innocent parties from what could be a subjective and unfavourable definition of their marriage.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I expected a question in this regard and therefore sought a reply earlier today. Unfortunately, I do not have it with me. I will take the honourable senator's question as notice and try to obtain a response.

Hon. Jacques Flynn (Leader of the Opposition): What else is new?

Senator Olson: There are a great many things that are new. However, since the Leader of the Opposition likes to have precise and complete answers—

Senator Flynn: Yes, that is right.

Senator Olson: In keeping with his wishes, I will try to accommodate him.

Senator Flynn: Yes. No matter what time you take you are never able to provide that type of answer.

Senator Olson: That is according to your interpretation.

FINANCE

INCREASE IN BANK RATE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Murray on April 4, 1984, as to whether a reply tabled in the Senate on April 3 to a question asked on March 22 represented the view of the government or whether it came from the Governor of the Bank of Canada.

The answer tabled on April 3 concerning interest rate developments represents the view of the government—in this case, the Minister of Finance who usually makes the views of the government known with respect to matters of this nature.

ECONOMIC AND REGIONAL DEVELOPMENT

CANADA-NEWFOUNDLAND GENERAL DEVELOPMENT AGREEMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on April 10, 1984 concerning when the Canada-Newfoundland General Development Agreement would be signed.

The answer is that the Canada-Newfoundland Economic and Regional Development Agreement which replaces the General Development Agreement was signed on May 4, 1984. The implications with respect to sub-agreements are apparent in the question also. However, I do not have a reply with respect to that matter, except to say that I do not believe any of the sub-agreements have been signed to date. Just the umbrella agreement has been signed.

Hon. Jack Marshall: I found that out yesterday.

Senator Olson: Perhaps the Leader of the Opposition will have a little sympathy for me now that some of his backbench members seem to have a speedier research capability than I.

Hon. Jacques Flynn (Leader of the Opposition): I have a great deal of sympathy for you, there is no doubt about that.

OFFICE OF COMPTROLLER GENERAL

VACANCY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Leblanc on April 17 last concerning the appointment of a new Comptroller General. This delayed answer is also in reply to a question asked earlier today by Senator Murray.

I am informed that the appointment of a new Comptroller General is still under consideration. I would be pleased to inform Senators Leblanc and Murray as soon as an announcement is made by the Prime Minister about this appointment.

Hon. Jacques Flynn (Leader of the Opposition): That is a clear answer!

THE CONSTITUTION

ABORIGINAL RIGHTS—SELF-GOVERNMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Gigantes on February 14, 1984 concerning government policy toward providing increased self-government for Canada's native peoples. It is a rather lengthy reply and I ask that it be incorporated into the record of today's proceedings.

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

Hon. Senators: Agreed.

(*The answer follows:*)

It is not the government's policy to in any way block the developments referred to by the Honourable Senator. On the contrary, as is being demonstrated both in the constitutional setting as well as in response to the Report on Indian Self-Government, the government and its officials are actively seeking the kind of changes necessary for greater self-government for Indians and Inuit.

It must be recognized however, that the processes that have been established to effect these changes are themselves constrained by the need to reach agreement with the aboriginal peoples, as well as with the provinces. Whatever changes do take place in the constitutional setting will of necessity be on the basis of agreement.

On the question concerning the views of public servants, I can only agree with the Honourable Senator that paternalism is behind us. No action by the government could attest to this more strongly than the statement by the Minister of Indian Affairs in response to the Report on Indian Self-Government. Honourable Senators will note that the heart of the govern-

ment's position is a firm commitment to greater Indian self-government, and that developments taken in furtherance of this goal will in all respects be made jointly with Indian peoples themselves.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Second Reading of the Bill C-12, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977".—(*Honourable Senator Olson P.C.*).

Hon. Henry D. Hicks: Honourable senators, I propose that this order stand until tomorrow.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-205, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF HULL—SECOND READING—DEBATE ADJOURNED

Hon. Fernand-E. Leblanc moved the second reading of Bill C-205, to change the name of the electoral district of Hull.

He said: Honourable senators, this bill was first introduced in November 1983, when it died on the Order Paper, and now it is Bill C-205, and the member for Hull, Dr. Isabelle, gave as an explanation on both occasions that the purpose of this bill concerning the constituency of Hull is to add the name of Aylmer. The new federal electoral district of Hull includes the electors of only two cities, Hull and Aylmer. It would therefore be logical and justifiable if indeed the electors involved were to be identified and known under a distinctive name which includes them all, namely the electoral district of Hull-Aylmer.

Hon. Jacques Flynn (Leader of the Opposition): I will move the adjournment of the debate in order to repeat briefly tomorrow why I am against this type of bill. Mostly, it will be to give Senator Lafond an opportunity to speak, because he too is against this type of bill. He will find himself in a very special situation since he comes from the district of Hull. Under those circumstances, I would like the Senate to benefit from his opinion and his reaction.

On motion of Senator Flynn, debate adjourned.

• (1450)

[*English*]

HUMAN RIGHTS

JAPANESE-CANADIANS—MOTION RE GOVERNMENT APOLOGY AND COMPENSATION—DEBATE ADJOURNED

Hon. Jerahmiel S. Grafstein, pursuant to notice of April 10, 1984, moved:

That the Senate of Canada endorses, on behalf of all Canadians, the position that a formal apology be extended by the Government of Canada to those living Canadians of Japanese descent for the acts of incarceration of such individuals and the confiscation of their businesses and properties made during the Second World War; and recommends that:

(1) the Government should consider the advisability of appointing a Special Claims Commissioner to adjudicate partial compensation for claims made by living Canadians of Japanese descent for the loss of their businesses or properties as a result thereof; and

(a) that such claims for partial compensation be received by the Claims Commissioner for a period of one year from the date of proclamation of the Act establishing the same;

(b) that $50 million be allocated by the Government in the aggregate for all such claims;

(c) that the balance of any such $50 million be returned to the Government when the Commission completes its responsibilities; and

(2) the Government take the necessary steps to ensure that any personal records or fingerprints of Canadians of Japanese descent obtained and kept by police officials, if any, during the Second World War be destroyed forthwith.

He said: Honourable senators, before addressing the substance of the motion, with your leave perhaps I might address some personal perambulatory remarks of self-introduction.

Honourable senators, I come from a "proud and stiff-necked" people and have been brought to this place, not by my efforts alone but by the contributions of many who sit in this chamber and elsewhere. Early in my life, my late father, a gentle man, taught me almost daily four lessons which still, to this moment, are as difficult for me to practice as I should: The joy of learning, the importance of tradition and family and the pursuit of humility. As we studied together, he would gently ask me, "And why do you say that?" Now, honourable senators, my wife and sons act as my daily professors in that illusive quest for happiness.

From the late Cecil Augustus Wright, one of Canada's great law teachers, I learned of:

> The importance of law as a vehicle of reform, and that, fragile as reason is, and limited as the law is as the expression of the institutionalized medium of reason, that is all we have standing between us and the tyranny of mere will and the cruelty of unbridled, undisciplined feeling.

These words by Mr. Justice Frankfurter, repeated by Dean Wright at the opening of the University of Toronto Faculty of Law in 1962, were stamped on the minds of all law students who were privileged to be taught by the great "Caesar" Wright, that great man with an original mind.

When I turn to Prime Minister Trudeau, who brought me to this place, I must express my debt for his oscillating intellectual inspiration. My admiration escalates daily as I watch him close at hand, now from a vantage point here in Ottawa, wrestling with the demanding burdens of governance. In his enigmatic way, the Prime Minister defines for all of us the issues of the day. Through the exercise of his extrordinary political will, our Constitution was repatriated and our Charter of Rights entrenched. We are now free in law from the last vestiges of colonialism that stultified our minds and stunted our spirit. By this political act, he forced us, as Canadians, to face up and grow up to the tasks of political maturity. "British" justice has finally been transplanted by our own brand of home-made Canadian justice.

As for others in this chamber, I am greatly indebted to Senator Keith Davey, a grand friend who taught me the joy of politics and the excitement of participatory democracy. I am grateful to Senator Daniel Lang, who taught me the importance of graceful precision of political planning and execution; to Senator Charles McElman, who teaches us all that liberalism grows with age rather than diminishes; to Senator Croll, with whose firm I articled as a green student of law and who continues to carry the torch, if flickering from time to time, of the underprivileged; to Senator Paul Lafond who, at a critical juncture, assisted me in the promotion of the Journal of Liberal Thought which, in the 1960s, was crucial to my own intellectual and political development.

I am grateful to Senator Andrew Thompson whose geniality, wit and commitment served as a vanguard for all young men first embarking upon the sea of public life; to Senator Lorna Marsden, who taught me to fight against my traditional biases respecting the role of women in politics and the necessity, indeed the importance, of first reforming one's own mind set and then semantics in seeking their equal rights and their treatment; to Senator Richard Stanbury who, as President of the York Centre Liberal Association, where I first started my serious political activity in Metro Toronto and who, later, as the President of the Liberal Party of Canada, was, for me, the personification of liberal fairness.

I am grateful to Senator Lowell Murray, an honourable, self-effacing political opponent whom I have always respected for his skill and commitment both to the political process and to Canada. More recently, I am grateful to Senator Robert Muir for his gracious words of wisdom and welcome to this chamber; to Senator Royce Frith, who stands out always for me as the exemplar of sartorial and linguistic elegance; to Senator Austin for his political encouragement and comradeship and to Senators Godfrey, Bosa and Cools who personify for me, each in his or her own wonderful way, the best and diverse qualities, the exciting faces and the voices that make up the boisterous cacophony and vibrant collage known as Metropolitan Toronto, the metropolis I so proudly now represent. Metropolitan Toronto, where the majority of the heads of households speak a first language other than English and French, has become a new, free-form model, a unique, resonating, harmonious city of the world which relishes and respects individual expression and human dignity.

I would like to point out other senators in this chamber for whom I have had a distant yet deep respect: Senator David Steuart, one of the great political orators of the west; Senator Robichaud, who at an earlier time and in a different place, expressed with fire and eloquence a passion for equality that has yet to be matched in Canadian public life.

Among today's senators, I would like to pay tribute to Senator Roblin who, by his fairness and grace, personifies for me the best qualities of character and intelligence that I see so evident and at such surplus in this chamber.

To you and to other senators, I owe a debt, but today I should like to turn to the question of a larger debt that we, as a nation, owe to a group of Canadians who, by the awful arm of government and by reason only of their race, were uprooted and deprived of their freedom, their businesses, their homes, and separated from their families and from their dignity. That is a debt that we should repay and it is to that debt that I wish to address my first full remarks to this chamber.

The following are only certain of the salient facts giving rise to this grievance. Let me take you back, if I can, for a moment to 1941. In 1941, 95 per cent of Canada's Japanese population, 22,000 people, lived in British Columbia. Of these, 60 per cent, or 13,600, were Canadians by birth. Another 14 per cent, or 3,650, were naturalized citizens, most of very long standing.

While more than half resided in urban areas of British Columbia, the rest were spread along the coast and the interior. Yet these were different Canadian citizens. They could not vote in British Columbia by reason of a restriction in the British Columbian and federal statutes prohibiting citizens of Japanese origin or Asian origin from voting. Excepted only from those restrictions were war veterans who had been allowed the vote. Canadian citizens of Japanese descent suffered from silent restrictions in businesses, all occupations, trades and professions. There were expressed restrictions against them so that they could not work as federal or provincial civil servants, lawyers or teachers, and the list goes on. They were limited as to their landholdings and were given quotas on logging and fishing rights based purely on race. Labour unions shared the prevailing bigotry of the day by excluding them from union membership. Of course, as Canadian citizens, they were not restricted from paying their taxes.

● (1500)

British Columbia and other parts of Canada were simply not congenial to those of Japanese ancestry by restrictive practices, bylaws, land covenants, regulations, business permits and attitude. Racism was alive in Canada in 1941, fertilized by government, politicians and the press.

Early that year, on January 8, 1941, Prime Minister King announced to the House of Commons that Canadians of Japanese ancestry were exempted from military service, thereby further foreclosing their opportunity to get the vote.

On Sunday, December 7, 1941—that infamous Sunday—the Japanese attacked Pearl Harbour. Within hours the

Canadian war cabinet declared war on Japan, and immediately issued a statement expressing confidence in the loyalty of Canadians of Japanese descent. Within hours officials of the United States government and officials from the Canadian government met and agreed to "concert their efforts" on what they called the "Japanese problem" in both countries.

Early on December 8—the day after Pearl Harbour—1,200 fishing vessels owned by Canadians and others of Japanese descent were impounded by the Royal Canadian Navy. The owners fully co-operated. The CPR Railway—which had been built with the help of cheap oriental labour—followed by other leading businesses began to discharge Canadians of Japanese origin. Second-generation Canadian-Japanese, called Nisei, wrote Prime Minister King affirming their loyalty. They repeated the requests they had made since war had broken out in 1939 to volunteer for active military service. Those requests went unanswered.

By order in council dated December 16, 1941, all persons of Japanese origin, whether Canadian citizens or not, were required to register with the Registrar of Enemy Aliens. No such steps were taken against Canadians of German or Italian descent, despite the fact that we had declared war on Germany and Italy two years earlier.

On December 25, Hong Kong fell and almost 2,000 Canadians were captured. Vitriolic opposition to all of Japanese origin was ignited and fanned by municipal, provincial and federal politicians, who urged the removal of all of Japanese origin from British Columbia.

On January 8, 1942, a conference was convened in Ottawa composed of federal, provincial and municipal politicians, together with public servants, including the RCMP, officials from the Department of External Affairs and members of the military general staff in Ottawa. All public servants, including members of the military, concurred in the RCMP's strong assessment that those of Japanese origin were loyal and represented no military or strategic threat to Canada. This strong recommendation cut no ice with the politicians. Ultimately, after a bitter debate, a recommendation was made that Japanese male aliens aged 18 to 45 be evacuated from designated areas, those areas being approximately 100 miles along the British Columbia coast, that fishing vessels owned by those of Japanese ancestry, whether Canadian citizens or not, be sold to non-Japanese, and that there be a prohibition from holding fishing licences. Escott Reid, a distinguished public servant, who was an official in attendance, later wrote in his memoirs of that conference that he felt "evil" in the room because of the patent racism and the racist decisions taken despite the clear facts.

From that conference followed a chain reaction of events fanned by the winds of war. Based on the conference recommendation and heated strong representations from B.C. politicians at all levels of government, an order in council dated January 16, 1942, was issued under the War Measures Act authorizing the Minister of Defence to evacuate from protected areas residents who were enemy aliens, restricting them only to their possessions of personal property and articles approved by the RCMP. Two thousand alien Japanese men were evacuated to road camps in the interior of British Columbia. That order in council also authorized the sale of the fishing vessels owned by the Japanese aliens. The first order referred only to aliens and did not designate others such as Canadians of Japanese origin. But no difference, all vessels owned by Japanese, whether Canadian citizens or not, were impounded and sold. However, this action still did not satisfy local B.C. politicians who continued to lobby actively for more drastic measures against all those of Japanese origin. No distinction was made as to whether they were aliens or citizens; all those of Japanese origin were included.

In February, Singapore fell. On February 19, 1942, the American government ordered the removal of 110,000 men, women and children of Japanese ancestry from American Pacific coastal areas, increasing the pressure on the federal cabinet to take sterner steps. Rumours of enemy attacks and enemy sitings, which were dispelled by the military, further inflamed public opinion, always egged on by B.C. political leaders at all levels of government.

At that time Prime Minister King and the cabinet were concerned about another emotional issue which was dividing the entire country, the conscription question. Subsequent analysis suggests that King considered further steps against Canadians of Japanese ancestry as just another tactical weapon to help him in his political strategy to diffuse the hot conscription issue and gain public support wherever and whenever he could. He was down in the polls and he knew it. Be that as it may, by order in council dated February 24, 1942, the Minister of Justice was given the power to require any person to leave the restricted or protected areas. That general order was followed by a specific order of the Minister of Justice, then the Honourable Louis St. Laurent, ordering "every person of Japanese race" to evacuate the protected areas.

That was followed by yet another order in council, dated March 4, 1942, evacuating all persons of Japanese descent. Included in that order was section 12, which stated that "as a protective measure only" all property owned in such protected areas, except the fishing vessels and the cash and securities, was to be vested in the Custodian of Alien Property and kept under his management and control—again, I repeat, "as a protective measure."

The British Columbia Securities Commission—a great name—was created by Order in Council dated March 14, 1942, to supervise the evacuation and place all the property that could not be carried by the evacuees into the trust and custody of the custodian. Thus, a group of Canadian citizens were dispossessed and their property confiscated without due process purely on the grounds of racial discrimination. No one, not even the members of the CCF Party, at that time raised a voice of objection. The political opposition was silent. The press was silent. The churches were silent as the dispersal and dispossession of Canadians and the confiscation of their property took place.

By the middle of 1942, after the battle of Midway on June 6, 1942, it was clear that Japan could not win the war. The Japanese advances had been stopped in the Pacific. The Japanese war threat was ended in the middle of 1942. Yet by the end of 1942 virtually the bulk of the population of those of Japanese ancestry was moved. Many families were separated, except those families which were moved to sugar beet farms on the prairies and elsewhere in the east. Others were sent to six camps located in the interior of British Columbia. Provincial authorities did not provide educational facilities. Makeshift educational facilities had to be set up in the camps by the evacuees themselves. Universities throughout Canada, for all practical purposes, were closed to those Canadians eligible to enroll in courses. Sustenance remuneration was given, from which room and board was deducted.

By order in council dated January 19, 1943, the government changed its mind. Now the Custodian was empowered to liquidate or otherwise dispose of the property that had been originally vested in him as "a protective measure" only under the order in council dated March 14, 1942, issued almost a year earlier.

This finally alerted public opinion and the opposition now pleaded unfairness. These pleas were unheeded by the government. The property was liquidated by various methods, admittedly on unfavourable terms and conditions that minimized rather than maximized the return. On the average, not more than 10 per cent of the replacement value was obtained. By order in council of February 5, 1943, the Minister of Labour was empowered to relocate those of Japanese origin. Some of the able-bodied males of these families began to disperse to the east when they recognized that their homes and businesses would never be returned nor would they be fully compensated.

• (1510)

As the war drew to a close in August 1944, Prime Minister King addressed the House of Commons, declaring in these words: "It is a fact that no person of Japanese race or born in Canada has been charged with any act of sabotage or any act of disloyalty during the years of the war."

Now, suddenly, due to urgent requests received from the British military, 150 Nisei Canadians were finally allowed to enter active service in the spring of 1945. They did so primarily as members in the intelligence and as interpreters, and they served with distinction in the Far East.

But what to do with those left in the camps? Four thousand had by now relocated throughout the east. But the young, the elderly, young women and others without work skills, who had not already dispersed—the great majority—were still left in the camps. Prime Minister King had a plan. To allow them to return to the protected areas along the coast might cause some political problems. Again the federal government acted. First, a resolution of Parliament to prevent Canadian citizens of Japanese descent in the east from voting in federal elections. Then an order of the Minister of Labour dated March 12, 1944, in which Canadians of Japanese descent were given two choices—either to be deported at their request or to be relocated east of the Rockies. Free transit and allowances were to be granted for those who chose relocation east. These Canadians were given six weeks to make up their minds. Then an order in council dated December 15, 1944, stipulated that persons of Japanese origin who so requested were to be deported to Japan. Now the opposition in Parliament finally raised full alarms. The public knew the threat of war had passed. Cries were heard in Parliament that the deportation order was contrary to the will of Parliament. Nevertheless, deportations commenced and continued. It should be noted that these decisions took place after the end of the war in the Pacific.

Even the formal end of the war in 1945 was not the end of injustices against these Canadians of Japanese origin. Only after battles through the courts up to the Privy Council, which supported the government's powers to deport, and public outcry heard in Parliament and elsewhere, did the government finally cave in in January 1947 and agree to discontinue the deportation policy. Deportation orders, however, continued until they were formally revoked in April 1947, some two years after the formal end of the war.

The other orders in council which lapsed under the War Measures Act in 1945 were continued under the National Emergencies Transitional Powers Act of 1945. It was not until 1949 that the orders in Council prohibiting Canadians of Japanese descent—Canadian citizens—from re-entering the protective areas of British Columbia lapsed. Thus, Canadian citizens had been restricted in their own country for seven years, four years of which were after the end of World War II.

It now became evident, based on the hearings held by the Public Accounts Committee of the House of Commons in 1947, and active representation by the Japanese community in Canada and others, that the enforced liquidation by the Custodian of alien properties originally ordered to be held under protective custody, was unfair as to the timing, the method and the quantum of certain property sales.

The House of Commons committee focused on certain transactions. Specifically, they examined sales of farmlands to the Veterans Land Act authorities in 1943, which were to be purchased for use by returning war veterans. The best farmland in Canada, located in the Fraser Valley, sold for $64 per acre. Even then, that was a pittance. What delicious British justice! Some of these farms were confiscated from Canadian citizens of Japanese origin who were World War I veterans, to be turned over to returning Canadian war veterans of World War II. The House of Commons committee came to the conclusion that the compensation was unfair and grossly undervalued. It recommended that a royal commission be established to investigate alleged losses. When proceeds were forwarded from time to time by the Custodian to those in the camps, their living allowances were deducted from such proceeds. In the end, in many, many instances only paltry sums finally reached the property owners.

A court attempt in 1947 to make the Custodian a Crown agent, and therefore accountable to the Exchequer Court Act, failed. The court decided that the Custodian was not a servant of the Crown and was therefore not accountable, if you can believe it, before the Exchequer Court. Representations con-

tinued, which, added to the recommendations of the House of Commons committee, led to the appointment of a royal commission in 1947 under Mr. Justice Bird of British Columbia to review the compensation question. His terms of reference were so restricted as to be unfair. Compensation terms were broadened ever so slightly raising expectations of the National Japanese Canadian Citizens Committee and the Co-operative Committee to participate. They did so in the belief that the evidence they gathered would lead to a full and fair compensation based on fair terms of reference. However, value was determined at the date of sales regardless of market and other depressing conditions, and nothing at all was ever allowed for goodwill and business. Finally, to expedite the lengthy hearings that went on until 1950, settlement was based on arbitrary percentages allotted to certain categories of property. The decision of the royal commission was finally handed down in 1950. The community committees that collaborated never felt that the Bird Commission would be an end to their claims to just compensation.

Subsequent analysis determined that not more than a range of between 11 to 16 per cent of the market value of only certain property claims were granted in the aggregate by proceeds received both from the Custodian and from the Bird Commission. Settlements were made—by the way, without any interest—for the intervening years, because they were desperately in need of funds after eight years and it was their belief that further fuller claims would be granted. Of course, the sustenance allowances were deducted from even these partial proceeds. No further steps were ever taken by the government to remedy the situation despite repeated claims by community groups to remedy injustices suffered by these citizens.

Four categories of claims of property still exist to this date. First, those receiving partial compensation ranging from 11 to 16 per cent who accepted funds from the Custodian and the Bird Commission in the honest belief that further and fuller compensation would be authorized; second, no compensation whatsoever for personal property and family heirlooms entrusted to the Custodian "as a protective measure" which just disappeared; third, marginal or no compensation for the 1,200 fishing vessels impounded by the Royal Canadian Navy; and, fourth, no compensation whatsoever for numerous claims still lodged and unsettled with the government by those Canadians who refused to agree with the Custodian or the Bird Commission and whose files are still open and with the federal government to this day. No claims were ever awarded for incarceration or anything that ever approached replacement value for the property taken.

Honourable senators, I am indebted to three excellent and fair accounts of this period entitled *The Politics of Racism* by Ann Gomer Sunahara, *The Enemy That Never Was* by Ken Adachi, and *Fragile Freedoms* by Thomas R. Berger.

The Prime Minister has said that he is open to arguments on this question. He has assisted public debate by fairly and fully defining concerns shared by many Canadians. The Prime Minister argues forcefully and logically that this generation cannot and, indeed, should not, seek to redress past injustices. He argues that we must change the law and our practices today to correct the unjust practices of the past and to enable us to live in a better and fairer society now and in the future. Hence, he implies that our Constitution is properly prospective and not retrospective in its application. He argues that any other application would be costly and time consuming to the nation's agenda, bedevilled as it is by the overwhelming economic and social problems of today. He takes Bentham's utilitarian position that the costs to the majority by dredging up the evils of the past outweigh any benefits to the minority. What good would it do to stir up ancient animosities? We cannot repay the sins of our grandfathers, else we will be flooded with a widening cycle of demands. If we are to give financial compensation, where would it stop? he argues. Where do you draw the line? What about the Acadians? What about the Chinese head tax, and what about the imprisonment of Canadians of German and Italian origin during that same world war?

• (1520)

This is a perfectly legitimate and pragmatic, philosophical position for the Prime Minister and many other Canadians, who have argued that position, to take. Indeed, I share the same underlying pragmatism. We both share a concern for past injustices. We both share a concern that the law and society must be forward-looking. We both share a concern that the present generation cannot bear the undue financial burdens of the past. We are all worried about crowding the public agenda and draining the public purse with matters of little present importance.

But, honourable senators, this case is different. It stands alone. There are material, significant considerations and, I hopefully believe, persuasive principles alive in this case that simply make this a different, unique precedent. Not to differentiate cases of injustice by legal and philosophic tests is to plunge the law and politics into an abyss. To do so would be to condemn all definition of the public interest and all legal analysis to the gross balancing of interests and quantification. We shunt aside the ideal of justice—its means and its end—on to a rusty track of non-use and abuse. This is not a case of *de minimis non curat lex.*

Why then does this grievance so compel our attention and redress? Let me bring a decalogue of differences—ten different facts—to your attention:

First, these were acts done to Canadian citizens when they were Canadian citizens. This differs from the Chinese head tax question. We are dealing with living Canadians, living Canadian citizens. Of the approximately 22,000 Canadians of Japanese descent who were damaged by these acts, approximately 12,000 are still living in Canada.

Second, no evidence, no scintilla of evidence, was ever adduced of their disloyalty to king or country. Even Prime Minister King thrice repeated this. This differs from the Acadian affair and the FLQ crisis. We are told that of the 196 Canadians of Japanese descent who volunteered for military service in Canada during World War I, over 50 were wounded,

96 were killed, and 49 returned safely to Canada. Those 49 veterans who survived to World War II were treated equally: They were interned, dispossessed and dispersed with the others.

Third, there was no evidence of violence or threat of violence to the state ever demonstrated during or after the war.

Fourth, despite actions taken against them, positive acts of loyalty to Canada and the war effort permeated this community by their exemplary conduct, full co-operation and repeated attempts to volunteer for active service. Indeed, we are told that they invested over $300,000 of their meagre savings in Canada Savings Bonds.

Fifth, there was no notice, no public forewarning, given to enable them to voluntarily sell their property or rearrange their personal affairs.

Sixth, there was no recourse to the law. No "due process" to the courts was made available to them. This differs from the Riel affair, the Manitoba language rights question, the Acadian outrage, and even those who were incarcerated during the FLQ crisis. These Canadian citizens had simply no way to object through the courts.

Seventh, admittedly there was no full, fair compensation given for property or incarceration. Indeed, we are told that, despite the moneys received from the Custodian and later from the Bird Commission, not more than a range of 11 per cent to 16 per cent on the average was ever allotted for those property claims that were made. Many major claims sit in the government's file—yet to be settled—made by Canadians who refused the Custodian and the Bird Commission offers as being totally unjust. No final settlement was made for the Royal Canadian Navy's impounding of 1,200 fishing vessels.

Eighth, their initial trust in "British justice" and the government's express order in council that the property be "protected" by the Custodian led these Canadian citizens to leave their most cherished possessions and irreplaceable family heirlooms behind in their homes. These were never returned or never traced. No compensation at all was ever allotted.

Ninth, after the war, when no semblance of war threat could even be sustained, these Canadian citizens were still prevented, until 1949, from being able to return to the protected areas of British Columbia and their old neighbourhoods.

Tenth, and finally, most damning of all—no vote. These Canadian citizens were deprived of our most precious franchise—the right to vote, the right to choose. It was only on June 15, 1948, some six years after the 1942 order in council and four years after the end of World War II, that Parliament finally passed Bill 198 amending the Dominion Elections Act. This bill deleted the section which had disenfranchised all Canadians of the Japanese race except war veterans and those few resident outside British Columbia since 1902. The offending section of the Dominion Elections Act had specified that persons denied a provincial franchise were also to be denied a federal franchise. Those who make a claim for greater respect for provincial rights should review our history on this question. British Columbia had passed legislation in 1895 excluding all citizens of Asian origin. With the evacuation, the Japanese who moved outside British Columbia borders would have automatically gained the right to vote in federal elections, but the disqualification was continued in the notorious clause 5 of Bill 135 passed in 1944 by Parliament under the leadership of Mr. King. No vote. No choice. No vote until 1949. Reason: racism.

Returning to Prime Minister Trudeau's utilitarian argument, my concern is equally pragmatic. I believe, as I have said in the defeated preamble to this motion, that the Constitution, the Charter of Rights, reflects certain natural rights. These rights are not of recent origin, but were rights that were scorched into common law, in our statutes, in our conventions and in our practices. These rights, now made explicit in the charter, were basic rights which were and are inalienable. Certain new charter rights were added, but the rights here infringed pre-date the entrenchment of the charter. These rights are to be found expressed in Magna Carta. These rights deal with respect for the person and his property. These rights ultimately deal with the question of human dignity.

Respect for human dignity is the foundation of our legal system. Respect precedes rights. Duties and obligations come before rights. As Simone Weil has so eloquently written in her book, *The Need for Roots*, and obligation to respect human dignity precedes and is a precondition to the entertainment or enjoyment of human rights. Therefore, is it not appropriate, when an injustice appears, particularly this injustice that was done to these citizens by a Liberal government, that a Liberal government should act to redress these injustices?

If we do not have a collective conscience, if we do not have a sense of remorse, and if we do not look backward, how then can we justify supporting the present amendments to Manitoba laws which seek, in the name of a distinct numerical minority in Manitoba, to redress a historic and unjust grievance? In the 1940s, Canadians of Japanese origin represented just under 3 per cent of the British Columbia populace. Today, francophones in Manitoba represent 3 per cent of that province's populace. Both, then, are distinct numerical minorities. How do we support allocation of precious taxpayers' dollars for services to benefit that small minority today? Because this was a past injustice to that francophone group. Is it not a recognition that there was a disproportionate and unfair treatment before the law, that the democratic majority repressed their minority rights? Is not bilingualism in this country and the amendments to the Manitoba laws, which are a reflection of that bilingualism, an attempt by this generation of Canadians to correct injustices of the past, even though there is still only a very small francophone minority in Manitoba? Restitution by compensation is an essential element giving substance to theory—beef to the bone—in the same way that amendments to the Manitoba laws and the investment of taxpayers' dollars in francophone services is a manifestation of justice in action. Is this not the essence of distributive justice?

Would William Lyon Mackenzie King have led the Canadian government to do what it did had those Canadians of Japanese origin held the vote? Without the vote, they were

disarmed; they were naked in politics. No vote, no franchise, was critical in the opinion of Jack Pickersgill who was at that time in 1942 Mr. King's executive assistant. Mr. Pickersgill said:

> I have always felt that if the Japanese had had the vote it would not have happened the way it did... I don't think any Liberal government in the 1940s would have dared take the vote away from anyone.

● (1530)

By depriving those Canadians of our most cherished possession, the right to choose by vote, Canada deprived them of their implied consent, necessary in a democratic society to restrict their rights—take away the fruits of a subject's labour, or even isolate them—all in the interest of the greater good; all in the interest of the majority. There was no full democratic social contract entered into with these Canadians, these citizens. Yet they kept up their end of the social contract by their loyal actions. Deprivation of the vote places this case on a higher plane. Those Canadians had no opportunity to influence the majority with their vote. This is not the case now, in Manitoba, nor was it the case in the other instances given as a rationale—given as historic analogies—to curb redress.

In pressing for the principle of equality for French Canadians, Prime Minister Pierre Trudeau, then Minister of Justice, made a speech entitled, "Quebec and the Constitutional Problem," which he presented to the Canadian Bar Association in Quebec City on September 4, 1967. I would like to quote his words:

> If French Canadians are able to claim equal partnership with English Canadians, and if their culture is established on a coast-to-coast basis, it is mainly because of the balance of linguistic forces within the country. Historical origins are less important than people generally think, the proof being that neither Eskimo nor Indian dialects have any kind of privileged position. On the other hand, if there were six million people living in Canada whose mother tongue was Ukrainian, it is likely that this language would establish itself as forcefully as French. In terms of *realpolitik*, French and English are equal in Canada because each of these linguistic groups has the power to break the country. And this power cannot yet be claimed by the Iroquois, the Eskimos, or the Ukrainians.

The Prime Minister, in that passage, was describing the classic case of the power of a strong minority backed by substantial numbers. Now we have a Charter of Rights that expressly offers protection to the individuals or to minority groups—a charter based not on *realpolitik*, not on the power of the majority, but on the basis of justice to all before the law. This was the idea of "British" justice that these loyal Canadians clung to in the hope that justice would correct injustice.

Earlier, an insightful political observer wrote these words, arguing conclusively about the delusion of national motivation that fuelled democratic majorities to trample over the rights of the minorities. I quote again:

> At Ottawa and in provinces other than ours, this nationalism could wear the pious mask of democracy. Because, as English-speaking Canadians became proportionately more numerous, they took to hiding their intolerance behind acts of majority rule; that was how they quashed bilingualism in the Manitoba Legislature, violated rights acquired by separate schools in various provinces, savagely imposed conscription in 1917, and broke a solemn promise in 1942.

As a footnote, this author added these explanatory words:

> Andre Laurendeau has just written with great clarity an account of how, with the plebiscite of 1942, the state became the tool of Anglo-Canadian nationalism, and of how that state took advantage of French-Canadian numerical weakness to divest itself of pledges it had made (*La Crise de la Conscription*, Montreal, 1962). A tale even more shameful could be told of how, during the same war and with similar inspiration, the vengeful powers of the state were turned against the Japanese-Canadian minority.

These were the words written in a brilliant article entitled "New Treason of the Intellectuals," first published in 1962 in a little-known magazine called *Cité Libre* by a little-known law professor called Pierre Elliott Trudeau. And these words lead me back to my original argument. The infringement of basic rights should indeed be examined on a cost benefit analysis. If the Prime Minister takes Jeremy Bentham's utilitarian view, I take Immanuel Kant's view that the benefit of restitution today transcends the costs. To use Bentham, and even Mill, without Kant is like playing hockey without a puck. How the players play is just as important as the score to Canadians. Kant argued, in "Critique of Pure Reason," that rights are "natural" precisely for this reason. Kant foresaw that natural rights could not be removed without the consent—at least, the implied legitimate consent—of the citizen victim in the interests of the majority. Kant laid the groundwork for a pluralistic society that could not be tyrannized by the majority. Today we should not swallow concepts of general welfare at the expense of minority rights which fail to respect the plurality of our democracy and its distinctiveness.

John Rawls, in his book *A Theory of Justice*, wrote:

> Each person possesses an inviolability founded on justice that even the welfare of society as a whole cannot override—the rights secured by justice not subject to political bargaining or to be the calculus are of social interests.

Now, if certain rights are inalienable—which I believe they are—can we not agree, honourable senators, that what we are really dealing with is the question of human dignity? Any destruction of human dignity not yet restored, as was done to the Canadians of Japanese descent, cannot now be fully restored. The Prime Minister and other Canadians are right—compensation now can never restore them fully. Hence, my argument that we seek partial compensation from the many in our society to the few. Cannot this act of partial restoration

demonstrate a real respect for the sanctity of human dignity? Can we not agree that government has a duty to redistribute taxpayers' dollars to adjust this present grievance, this unfinished business left smouldering and moulding in open government files?

Is this not the basic philosophy behind the liberal idea of affirmative action? Why is it that secretaries and others in the federal public service still rail against seemingly unjust treatment by affirmative action that bonuses those who have French as an additional language? Is not affirmative action a method to induce affirmative equality before the law? Affirmative action is a method to increase respect for human dignity. Is not this the engine driving affirmative action for women? Does not the charter recognize the principle of affirmative action in section 15(2) as a legitimate means to pay the cost now for past injustices? This is a cost, a true cost, a fair cost that we, as individuals in society, must pay and continue to pay for injustices in the past, for compensation is a product of the past. Thus is the rationale of affirmative action for French Canadians embedded in our principles of bilingualism which I, for one, freely accept and gladly applaud.

Let us approach the concept of compensation from the point of view of the common law. Let us examine the viewpoint, as well, that it was necessary in time of war to do what was done!

The common law has always recognized the principle of compensation as a fundamental principle of restitution and equity between individuals, even in cases of necessity. It was pointed out to me by my friend, Professor Friedland, that this principle was hotly debated in our first year class at the U. of T. law school. We were taught this idea from a leading case in "Caesar" Wright's famed case book on torts. In *Vincent v. Lake Erie Transportation Company*, a decision of the Supreme Court of Minnesota, 1910, we were asked whether the defence of necessity could withstand a claim for compensation for damage. A wharf had been severely damaged by a ship owner keeping his vessel tied to the wharf in a storm. The ship owner alleged that, after discharging the cargo, the wind had attained such a great velocity that the master and the crew were powerless to move the vessel. Necessity was the defence. Damages were granted to the wharf owner by the ship owner. The ship owner argued that his captain and his crew had no control over the conditions which caused the damage. The court, however, found that compensation must be made.

Honourable senators, let me quote from that case:

> Theologians hold that a starving man may, without moral guilt, take what is necessary to sustain life; but it could hardly be said that the obligation would not be upon such person to pay the value of the property so taken when he became able to do so. And so public necessity, in times of war or peace, may require the taking of private property for public purposes; but under our system of jurisprudence compensation must be made.

What would the common law courts have said, honourable senators, had a ship of state intentionally continued the damage after the velocity of war had disappeared for over four years? What kind of additional damages, what kind of punitive damages would have been awarded here in our case?

● (1540)

The essence of the argument at common law is the same as our present argument in favour of affirmative action. Affirmative action restores equality before the law. We are redressing past injustices at a cost to society today. Therefore what we are treating here is the very foundation of the Constitution, the very basis, the intrinsic nature of our legal system—and that is how our law treats our people. Our Constitution demands that all people be treated equally before the law. This is the cornerstone of our legal system, the cornerstone of the legitimate authority in this chamber. Here in the Senate this is no mean national ethic that holds the national idea supreme. Paramountcy of the Charter means placing people before parliamentary supremacy. Primacy of Parliament has been transplanted by sovereignty of the individual in a democratic state. British justice has been replaced by Canadian justice. To undermine now this principle is to violate the first principle of democracy, which is equality before the law. If we consider, in the deepest part of our heart, that a group of Canadians are treated unequally or unjustly on the facts here argued, not to restore them in law and dignity to their full place is to deny the very essence of the Constitution. This is a functional solution to a pragmatic problem.

Therefore, honourable senators, we are not here to debate an injustice. This we can agree upon. We are not here to moralize. We are not here to reconstruct the past. We are not here to expiate the sins of our fathers or grandfathers. We are here to give pragmatic support to the law's pragmatic principle, namely, respect for our laws and our institutions; to breathe life into the first principle of equality before the law.

Once we choose not to confront historical cases, we open up the possibility of arbitrariness in obeying the law. If, in the Senate, we refuse, when we are all satisfied that there was a grave injustice, to remonstrate with government and Parliament, are we not on the slippery side of a slope? Think of the message we are sending if we turn our backs on this transgression. Are we saying that in certain cases, for certain reasons, the government can break fundamental laws and then disavow the consequences after the event? What reason remains for individuals to feel guilty when they break the law? By what rights in a democratic society can a government distance itself from the principle of equality before the law when its constituents cannot? Just as important, how can we argue that it is prudent to do so when it is the first step down the slippery slope to arbitrary authority?

The message that we in the Senate should send out is that we cherish legal rationality as a necessary precondition to legitimate government; that no government or its successors can get away with singling out individuals or groups for unfair persecution; and that human dignity comes prior to considerations of convenience. This is not some radical argument. It is as old as the Bible itself. It asserts that cost/benefit calculations must give way to profound principles on which utilitarian

considerations rest. As usual, principles and pragmatism stand side by side, and they stand best when they stand together.

I argue that this case for compensation is a practical one, that requires this government to uphold equality before the law for its citizens. With compensation, the task of politicians is to show why this case stands apart. A Committee of Parliament, representing all parties, in its report entitled *Equality Now*, unanimously called for an apology and compensation. If we concede that violations of basic rights or equality before the law have been made, and we do not recompense or seek to make whole those citizen's rights, have we not therefore eroded our own authority and that of the government in the eyes and minds of our citizenry? Take a step down that slippery slope, let violations or infringements of law go unanswered or unpaid, then do we not join the conspiracy that undermines both the legitimacy and the rule of law?

Can we avert our glance and say "I cannot burden my mind with acts of the past. I have to go forward. I cannot deal with the past"? Is this not itself a step to lawlessness? If we dilute the glue, which is equality before the law, we undermine the very bricks upon which our legal, parliamentary institutions, and indeed this very chamber, is constructed. What is the cost to Canadians if we do not compensate? What is the deterrent to future acts of injustice? Will it be an invitation to lawlessness if society has no memory? We are now told that Mr. Justice Ilsley in 1948 warned his cabinet colleagues: "History would denounce the party for having continued those orders"; but they were continued nonetheless; and today there is still no haste to make amends.

What kind of precedent do we establish if we approve a scheme of partial compensation? We would set a tariff barrier against future misconduct? We would endorse a precedent that reduces respect for those leaders of that day and relegates them to figures of disrepute in history—as they should be. Is this not important in itself? Do we not set a practical set of values for this generation to follow? Do we not, by our action, now suggest a different standard of national and international conduct that the Prime Minister himself has so actively pursued in his quest for peace? Do not norms of international conduct start with the treatment of individuals at home rather than the treatment of nations abroad? What would the growing Third World, composed as it is of visible majorities, make of this? Would they not applaud our courage and generosity to one of our visible minorities?

In Canada we now have an opportunity to make history by rewriting it. What will people of other nations say about this? That Canada placed restoration of human dignity before *realpolitik,* that Canada placed respect before pride. That human rights live in our foreign policy precisely because of our domestic policy. Justice was done and seen to be done. That racism, alive in Canada in 1941, is dead in 1984.

Racism is rooted in our minds. Hannah Arendt in her book *The Origins of Totalitarianism* defined extreme racism as "radical evil". She wrote:

> When the impossible was made possible, it became unpunishable, unforgivable . . . evil which could no longer be understood and explained by evil motives or self interest, greed, . . . resentment, thirst for power, and cowardice and therefore which anger could not avenge, love could not endure, friendship could not forgive . . .

The 1981 Nobel prize winner Elias Canetti in his book *Crowds and Power* analyzed the origins of racism by showing the actual pleasure one group gets by pronouncing an unfavourable verdict against another group in society. He said:

> At the root of the process lies the urge to form hostile packs, which, in the end, leads inevitably to actual war packs. Through being applied to many different spheres the process becomes diluted, but even if this means that it operates peacefully, apparently resulting only in verbal judgments, the urge to push it to its conclusion, to the active and bloody hostility of two packs, is always there in an embryonic form.

Honourable senators, is not our task here in the Senate to be vigilant? We can stamp out this pernicious embryo of racism whenever it rears its ugly head. And we can create conditions that suffocate its growth!

And after all, is not justice defined by history and restitution? In Deuteronomy XVIII, 20 we are told "Justice, justice shall you follow". One interpretation given for the repetition of the word justice is that justice means justice both in goals and ends. The Hebrew word for "justice" is the same as the word for "giving" and "victory". Giving is a duty that precedes a right or a privilege. "Giving" in this biblical sense is deemed necessary to correct injustice. Only by an act of "giving" can we start a fresh clean page in history. Only in "giving" do we get "victory."

The Bible is instructive on the laws governing the governors. In 2 Samuel VII, 7 we are told that when the prophet Nathan asked King David what is proper compensation when a rich and powerful man takes a poor man's only precious possession, King David, infuriated, responded that the poor man should be compensated four times over. Nathan then told King David he was the culprit because he had abused his powers as king for personal reasons. David immediately acknowledged his error thereby concurring in the concept of compensation. Maimonides, the twelfth century philosopher, explained this passage and the words used by saying that if a king discriminates against his subjects, this is not law, this is robbery. We are also told by other teachers that King David by publicly acknowledging guilt and restitution allowed his kingdom to flourish while King Saul, who under similar circumstances refused to publicly apologize for errors of government, saw his kingdom, his legacy and his dynasty quickly disappear.

• (1550)

Hence, I argue, honourable senators, that our responsibility here is clear to ourselves, the government and this institution of Parliament we have sworn to uphold. Pay today. Calculate a fair formula for these living Canadians—perhaps an annuity. Pay we must. Pay we should! We are told that the Japanese

community is divided on this question. Some demand an apology and compensation; others think an apology will suffice. Still others wish to forget the whole painful episode. However, this is not a question for that small minority of Canadian citizens of Japanese origin who were injured to remonstrate—this is a question for the majority of Canadians to answer.

For those who have argued against the entrenchment of the Charter of Rights in our Constitution, the American experience during the same World War II period is instructive. While Japanese were incarcerated and dispersed, their property was not taken and measures were terminated in 1944. In the interim, as American citizens, they were allowed into active service and they volunteered in great numbers serving with great distinction, as honourable senators know. Their government was restrained by their constitution. Now a commission of Congress has reviewed this history thereby reopening the question of compensation in America. In Seattle, Washington just last week, on April 27, the Seattle School Board authorized $5,000 reparation payments to each of 27 Japanese-American clerks forced to resign after Japan's attack on Pearl Harbour. Honourable senators, it is still not too late to change history.

I would like to leave with honourable senators three ideas—three thoughts to galvanize your support. First, this injury to our citizens was different and unique. Second, pragmatism dictates that by fostering respect for human dignity we gain respect for the Senate and ourselves. Third, good old Canadian common sense knows it is never too late to correct a wrong. Canadians believe in affirmative action!

For me, honourable senators, the question of reform of the Senate is tied up in this issue. My reading of voluminous comments made about Senate reform in the last decade shows me an almost total preoccupation by critics with the "ethics of process"—John Stuart Mill's idea that the method of the appointment of representatives is a key element, a precondition, to the actual acceptance of a democratic institution. To address this question is for another time and, perhaps, for other voices.

In the interim, by the passage of the Charter, has not the Senate in fact been reformed? Has not the Senate been reborn again and given a new mandate by the repatriation of the Constitution and the entrenchment of the Charter of Rights? Has not this vital new fact been virtually unnoticed and unheralded? If we have been granted a new role then this is a chance for us to prove it.

As for calls for more regional representation, I simply do not understand the call for greater regionalism in the Senate unless it is in terms of seeking to reduce inequalities between regions and reduce inequalities between groups as best we can. One wonders whether representatives of the region necessarily are the best spokesmen for injustices against minorities within a region. However, that argument is also for another day.

In closing, let me repeat my belief that there is a new, exciting and paramount role for this chamber. That is to say, we act as a surety—a protector of rights for those groups in society which require affirmative action, those groups which require the long and strong equal arm of the law. In this imperfect world, as best we can, we must endeavour to build a platform equally open to all upon which Canadians of whatever origin, colour, race, gender or disability can be launched into a Canadian society of growing and equal opportunities. On this platform all of us in this chamber now proudly stand. Is it not our turn to bend and help the rest of Canada to stand with us? Can we not hammer two strong planks in that platform by apology and compensation to finally close the compelling case of Canadians of Japanese origin?

We have heard in recent days much about the need to redress structural deficits in our economy and move towards balancing our budget. In this way, so we are told, future generations will not be burdened with increasing costs of today so our economy can continue to grow. Equally, honourable senators, our conscience demands we redress this government—created deficit of human dignity so that we can finally balance our books of justice—so that we can free our conscience and allow our spirit to flourish and grow. We were not brought here to dilute the quality of justice. Let us give a new definition to Canadian justice.

Respectfully, honourable senators, I request your support for this motion.

Hon. Senators: Hear, Hear.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(See p. 516)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE

Thursday, May 3, 1984

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

FOURTH REPORT

(Statutory Instruments No. 23)

In accordance with its permanent reference, Section 26 of the Statutory Instruments Act, S.C. 1970-71-72, c. 38, your Joint Committee has determined to draw to the special attention of both Houses the Fruit, Vegetables and Honey Regulations, C.R.C. c. 875.

The Regulations under Report deal solely with the importation of fruits and vegetables of a kind grown in Canada. Subject to two minor exceptions, they provide that no person shall import such fruits and vegetables unless the importer purchased the produce "not later than 24 hours, excluding Sundays and legal holidays, after time of shipment from the point of production". Your Committee initially took the view that the Fruit, Vegetables and Honey Act, R.S.C. 1970, c. F-31, does not grant authority for the enactment of a regulatory scheme designed to restrict the importation of fruit and vegetables and, by letter dated February 14, 1983, the Designated Instruments Officer for the Department of Agriculture informed the Committee that "these Regulations are in the opinion of departmental legal counsel *ultra vires*" the Act. Your Committee was further informed that it was the intention of the Department to seek the repeal of the Fruit, Vegetables and Honey Act and Regulations.

Your Committee subsequently sought an assurance that pending their formal revocation, the Regulations would not be enforced by customs officers. The Designated Instruments Officer, in a letter received on June 30, 1983, indicated that the Department wished to continue to apply the Regulations in order to obtain accurate information as to their operation and effectiveness.

After consideration of this reply, your Committee instructed its Joint Chairmen and Vice-Chairman to write to the Minister of Agriculture to ask for his personal assurance that customs officers would be requested to cease applying the Regulations to imports of fresh fruit and vegetables. In their letter, the Chairmen recorded the Committee's belief that it is "highly improper for officers of the Government of Canada to persist in enforcing Regulations which they admit to be *ultra vires* the enabling Statute" and commented that "these Regulations purport to impose severe restrictions on importers of fresh fruit and vegetables and, in our view, the need to obtain additional information as to the usefulness of these restrictions can not justify the continued application of illegal import requirements." On January 31, 1984, the Minister of Agriculture replied that "it has become clearly evident through our consultations that should these Regulations be revoked the Canadian produce industry would be seriously jeopardized". On this basis, the Minister proposed "to postpone action on these Regulations pending an amendment to the Canada Agricultural Products Standards Act, which will empower similar regulations under that Act" and stated that "such an amendment is currently being introduced through normal legal channels".

Your Committee, while it notes the undertaking to seek appropriate legislative authority for regulations of this kind, is firmly of the view that the continued application of these Regulations at the present time involves an inadmissible departure from the usages of Parliamentary government and a repudiation of the concept of the Rule of Law which is at the heart of our constitutional order. While your Committee recognizes that the revocation of these import restrictions may result in an economic disadvantage for domestic producers of fruit and vegetables, it does not accept that this justifies the Executive in illegally restricting the liberty of trade and commerce of Canadian importers. To do so would be to accept that ours is a government of men and not of laws.

For the Executive to persist in enforcing Regulations which it acknowledges to be unauthorized by law strikes your Committee as wrong and completely unacceptable. That such a course of action should have the support of a Minister of the Crown is a matter of even greater concern to your Committee.

Pending the adoption of appropriate legislation by Parliament, your Committee recommends that immediate steps be taken to ensure that customs officers charged with their enforcement cease to apply these illegal Regulations to imports of fresh fruit and vegetables.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

APPENDIX "B"

(See p. 516)

ADDRESS

OF

HIS EXCELLENCY MIGUEL DE LA MADRID
PRESIDENT OF MEXICO

TO

MEMBERS OF THE SENATE AND THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

TUESDAY, MAY 8, 1984

The President was welcomed by the Right Honourable P. E. Trudeau, Prime Minister of Canada, and thanked by the Honourable Maurice Riel, Speaker of the Senate, and the Honourable Lloyd Francis, Speaker of the House of Commons.

Hon. Lloyd Francis (Speaker of the House of Commons): Order, please. The Right Hon. the Prime Minister of Canada.

Right Hon. P. E. Trudeau (Prime Minister): Señor Presidente, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Hon. Members of the Senate and of the House of Commons.

Canadians consider it a mark of special distinction for them, Sir, that you have chosen Canada for your first official visit North of the Rio Grande. We welcome you with open hearts to our country, as Mexicans have warmly welcomed Canadians. The generosity of your people is matched by the splendour of your country, as in the words of Octavio Paz:

[*Translation*]

Mexico rises between two seas as an enormous pyramid: its four sides are the four cardinal points, its steps are the climates of all its regions, its high plateau is the house of the sun and the constellations.

[*English*]

Mr. President, Canada is honoured by your presence in this Chamber. All Canadians are pleased to welcome you to Canada and to afford you an opportunity to speak directly to us at this Special Session of both Houses of our Parliament.

Early in your term of office, Sir, you earned our admiration and respect for the vigour and determination with which you strove to ease the crushing burden of indebtedness which Mexico, like so many other countries around the world, faced during the deep recession of recent times. Courageously you made difficult decisions which required heavy sacrifices by the Mexican people.

You have proved, as you said you would, that both the people and Government of Mexico are vigorous and mature, capable of responding to crisis and overcoming adversity. We admire such strong and determined political will. I am glad that Canada and Canadian financial institutions were able to play a part in assisting you.

Thus I welcome you as a neighbour and good friend. Mexico and Canada are no longer separated by time and space, living apart in their own labyrinths of solitude, to borrow again from the moving thoughts of Octavio Paz. In dramatic ways, technologies of transportation and communications make it possible now for nations everywhere to draw together. Government leaders in our two countries, and increasingly people in private walks of life, have shown very clearly their strong desire to draw together, to know each other, to co-operate in the arts, science, technology, energy and commerce.

Your visit today is contributing to this growing tradition of community and consultation for we have much in common and much to say to one another. When I became Prime Minister in 1968, the Government decided that Canada must systematically enlarge its relationships with Mexico and other key countries of Latin America. This we have done, with a reciprocal commitment from the Mexican Government. I have had the pleasure of making two official visits to Mexico and of welcoming two of your predecessors to Canada. These visits and the frequent meetings between our Ministers attest to our mutual determination to make our bilateral relationship successful.

[*Translation*]

Mr. President, the links between Canada and Mexico go back for many centuries. In fact, Samuel De Champlain visited a flourishing settlement in Mexico City, nine years before he founded Quebec City and fourteen years before travelling past the site of Ottawa, where we are today, during an expedition on the Ottawa River.

Canadians will recall with pride the constant collaboration with Mexico within United Nations agencies and other institutions during the creative post-war years. At the time, we worked together to prepare for a world order to be founded on a common vision of the need gradually to reinforce international law and to establish effective economic co-operation. In a word, we tried to provide a solid basis for peace.

Unfortunately, since then, man has seemed to take a perverse pleasure in developing military technology, while political institutions designed to safeguard peace crumbled.

As international tensions rose, Canada and Mexico, conscious of their responsibility and of their own resources, have always tried, each in their own way, to persuade the parties concerned to reconcile their differences. The perseverance we have shown in the past is needed even more urgently today, because the dangers that threaten us now are so much greater.

As you know, Mr. President, Canada has, out of a concern for deteriorating relationships between East and West, taken the initiative to try and bring these essential relationships on a

more constructive level. On that occasion, I found that both sides had a number of points in common, and I urged heads of State in East and West to set aside their differences and concentrate on what draws them together. In fact, we all have the right, in fact we have a duty, to try and reduce the risk of nuclear war.

[*English*]

Mexico and Mexicans have earned international credentials for independent viewpoint, fair mindedness and common sense. That is why I am encouraged that Mexico is currently spokesman for the Group of 77. You no doubt regret, as I do, Mr. President, the present state of North-South dialogue after the strenuous efforts Mexico and Canada made in recent years, especially in Cancun, to stimulate progress. We hope that Mexico's moderation and restraint will help to move the dialogue back on to a constructive path. Success in that endeavour would serve the cause of peace in a very fundamental way.

In the same spirit, I congratulate Mexico and the other Contadora members for their imagination and courage in seeking a regional solution to the potentially explosive situation in Central America. Your approach to this web of most difficult problems is above all realistic in its aim of building a consensus on a set of socio-political security objectives for Central America.

As a consensus develops, Canada will be prepared to help with whatever political or economic support we can effectively offer. We are consulting closely with the three Contadora working commissions. We will also be in close touch with the Action Committee for Socio-Economic Development—CADESCA.

Canada's approach to these problems, as frequently enunciated in Canada and in the region by my colleague, the Deputy Prime Minister and Secretary of State for External Affairs, is to recognize that the basic causes of instability and conflict are economic and social in nature. We look to Governments in the region for advice on how enduring solutions are most likely to come about. We are firmly persuaded that these are problems which must be seen, as they will be solved, in the light of the human needs of the people directly affected, and not in terms of ideological arguments. The imposition by force of external ideologies is seldom motivated by a genuine concern for the needs of the people.

Amid the international tensions and violence of our times, the right to speak becomes a responsibility, the need to hear a duty. That is why we are gathered in this Chamber today to listen to your views firsthand.

Each of our political parties, in its own way, is apprehensive about the dangerous deterioration in the security situation in the neighbouring regions that you know so well. Therefore be assured, Mr. President, that you are now welcomed eagerly by an audience, both here and in Canada at large, who will be heeding your words of counsel with an open mind and sympathetic heart.

[*Translation*]

To speak clearly, to dialogue, and to work together in the quest for viable solutions marked by human values and common sense—these are the urgent tasks of our area. The entire world today is trapped in a prison of dilemma, mainly dominated by the nuclear threat, and yet no less dominated by the tyranny of false and outdated ideologies on how society should evolve. As nations, we all search for the way out of such a prison, while remaining faithful to our own traditions and giving loose rein to our hopes and dreams in order to enjoy the fruits of the amazing human mind. I firmly believe that humanity will find its way; it has no other option.

It is with great pleasure that we welcome today the President of Mexico, Mr. Miguel de la Madrid Hurtado.

[*Translation*]

Señor Miguel de la Madrid (President of the United Mexican States): Mr. Speaker, distinguished Members of the Canadian Parliament, Mr. Prime Minister, Ladies and Gentlemen.

It is a great honour to accept the invitation extended to me by this distinguished body which represents the people of Canada. The Canadian Parliament combines the quest for the democratic perfection of the nation and the desire for its people's active participation in the tasks of the State. This forum confirms the validity of the desires and hopes with which the Founding Fathers of this country viewed its future.

Canada has forged its history and its future in a continuing effort to build a system of life that is firmly sustained by values and principles. The vigour of its political institutions and relations of peaceful coexistence stem from its perseverance in the practice of democracy as their mainstay.

Constitutional balances and counterbalances, the fostering of representative assembly, respect for social diversity and the opinions of the citizenry, and the active support of one's chosen party are constants in public power based on a broad and firm community foundation.

No democratic State can stand on the fragmentation of its society. On the contrary, political legitimacy must be based on the sentiments of the nation, on the co-ordination of action and needs of different sectors and groups; on maintaining a balance between the social distribution of responsibilities and the scope of governmental powers.

In putting its authentic values into practice, each country manifests its unique nature. Canada and Mexico are the result of unique and untransferable experiences. Their histories make it impossible in our times for them to accept any devious attempt to imposition or forced assimilation of foreign systems.

We do not, however, believe in the Utopia of an autarchic system and we assert our identity without closing ourselves off from enriching contacts with other peoples. We want to join in united efforts, but we refuse to accept any attempt at uniformity that denies the historical foundation of peoples and cul-

tures, that harms the individual values of each society and closes off genuine channels of co-operation and solidarity.

Canada and Mexico are becoming increasingly associated with each other through initiatives and common viewpoints and through their responsible participation in international affairs. Today there is particularly strong need to make our continent a place of converging ideals and an area privileged with understanding and progress, and to establish new relations that are more dynamic, more productive and more just.

This is so because the international community is immersed today in increasing uncertainty in the face of power politics, hegemonic zeal, political intolerance and profound economic imbalances that are so harmful to developing countries.

The world would seem to be skidding down the slope devised by the promoters of force. Technological development has relentlessly built up a deposit of destruction and terror. Both usable weapons and the leftovers of war are employed in attacks on the survival and dignity of mankind. While innumerable people are afflicted by hunger, unhealthy conditions, ignorance and death, millions are being spent to build an apocalyptic arsenal that is becoming increasingly difficult to control and presents a great risk of thoughtless use. We are witnessing an irrational cult to the capacity for self-destruction and to excessive spending to build up force.

Mexico has categorically repudiated the validity of doctrines of deterrence and nuclear balance which have jeopardized the legitimate aspirations of nations to live in peace, to seek economic development, political stability and social progress through just and equitable co-operation.

It is imperative that measures be taken to prevent the destruction of all that represents the cumulative efforts of modern civilization. The aberrational idea that not acting is equivalent to avoiding risk must be abandoned. Eluding responsibilities multiplies the effect of lack of foresight and, sooner or later, the price of remaining passive must be paid.

In this context, Mexico has followed with particular interest the development of the peace initiatives recently undertaken by Prime Minister Trudeau, which led to his interviews with leaders of the superpowers and with those of other countries that possess nuclear weapons and of numerous industrialized and developing nations. We congratulate this outstanding contemporary statesman who, with his political imagination, courage and capacity for leadership, has successfully furthered the cause of peace and development.

Mexico fully supports all action aimed at halting the arms race and reaffirms its commitment to complete and universal disarmament and to dialogue and negotiation as vehicles of understanding.

We do not want a return to the dark days in which the alternative to confrontation was an unstable peace, subject to cycles of dependence on armamentism. On the contrary, we want constructive times of stability and progress through co-operation. The crisis that is now shaking the very foundations of world order makes this an ideal time to re-examine our course and adjust our objectives. The current problems affect us all and also tend, although in varying degree, to increase for us all. In looking toward the future, each country must decide whether it will act in favour of a collective effort or to pursue sterile and egotistical interests in isolation.

Two indivisible imperatives weigh on mankind's aspirations, peace and development. We recognize, with concern, that the instruments for achieving them are becoming more and more fragile. In addition to political tensions, we are faced with economic uncertainty, breakdowns in negotiation and the outright obsolescence of models and systems that have not provided the answers required today. Once again, the burdens of the crisis and of adjustments are being transferred to the developing countries and the lack of equity in the international structure is becoming more serious.

It is not enough to recognize that interdependence has only exceptionally led to the level of understanding and co-operation required. It is also necessary to prevent the lack of dialogue between the North and the South on behalf of world economic recovery from becoming part of the vicious circle of confrontation between hegemonic powers, or of irreducible opposition between East and West based on unilateral and ideologically motivated views, that violates sovereignties and delays or cancels out any real hope of independent progress.

The economic crisis is making inequality more acute, increasing contradictions and undermining the foundations of the international order. Recession and generalized inflation, the constriction in trade and the reappearance of protectionism, monetary and financial chaos, and the foreign debt are all manifestations of a divided world, incapable of achieving cohesion and rationality.

Sustained recovery will not be possible if it does not extend to every member of the international community.

The crisis that is affecting the developing world will not be settled without the concerted action of the international community. The problem of the debt is of a global nature. It affects all of us, and we should all contribute to solving it: industrialized and developing countries, debtors and creditors, and public and private financing institutions. To meet their loan payments, debtor countries need to regenerate their capacity to pay, and that will only be possible if their export products have access to the markets of the industrialized countries. At the same time, such access is the only possibility for strengthening their purchasing power abroad and re-establishing world trade flows. Attempts to do otherwise are not only unfair but also unrealistic. We trust that this point will be fully understood.

If the protectionism of the industrialized countries does not give way to the logic of reality, meeting demands for generating foreign exchange to cover development needs will prove an extremely complex task. Eventually an illogical situation would arise that would lead to undesirable forms of involution as a substitute for progress.

Regaining confidence and the course of progress implies immediately strengthening the specific mechanisms and activities of co-operation among States. This would be a return to the primary and definitive meaning of interdependence.

For both Mexico and Canada, the continental scope of such co-operation is fundamental. Imbalances in the world economy have dealt serious blows to the countries of Latin America. Long decades of growth and growing expectations have been replaced by regressive forms of development that affect not only aspirations for progress, but also employment, consumption and the well-being of extensive groups of the population.

It is thus imperative to establish new continental relations that provide room for production, exports, the distribution of income and the political and social progress of all peoples. It is a question of expanding economic co-operation, and with it, development and stability; of broadening political communication with respect for plurality and, with it, the true security of all nations.

Latin America has revitalized its own endeavours. We have co-ordinated actions under a joint strategy aimed at renovating our approaches, criteria and mechanisms. Our goal is to bring about a system of collective economic security supported by regional integration, the strengthening of our forums and organizations, and the co-ordination of common stands. This is the meaning and the objectives of the Quito Declaration.

To supplement these actions, we Latin American countries have responsibly begun making adjustments in our economies—in a necessary effort to rationalize them—that have a painful social impact.

In Mexico's case, we have organized with determination to overcome the obstacles arising from adverse circumstances. Firmly united, the Mexican people have brought their combined sacrifice, work and trust to bear on the common task of reordering the economy. The national Development Plan we have drawn up is designed to respond to the most pressing immediate problems, such as inflation and the fiscal and foreign economic imbalance. At the same time, the Plan involves a readjustment process to make the structural changes essential to improving the production base by guiding it realistically towards feasible priority areas of national development. Despite the great difficulties that Mexico has faced, we have maintained a reasonable level of spending and social investment with a view to fulfilling the binding commitments inherent in the history of our nation's development and to alleviating the suffering of the population.

Distinguished Members of Parliament, Canada has been outstanding among the countries of the industrialized world in its sensitive understanding of international realities and its commitment to dialogue, development and detente.

We have observed its growing interest in Latin America and, particularly, the attention it has been directing toward the Central American crisis. That interest has been effectively demonstrated by this Parliament with satisfaction. The establishment in 1981 of the Subcommittee to study Canada's relations with Latin America and the Caribbean is indicative of its desire to strengthen ties between our countries. Another outstanding example is Canada's decision to double, over a five-year period, the economic assistance it provides to Latin American and Caribbean countries.

Mexico and Canada agree that the major cause of the Central American crisis is the area's lack of economic and social progress. This is why Canada's contribution to the program of the Committee for the Support of Central American Economic and Social Development, created under the auspices of SELA (Latin American Economic System) is so important. Canada's experience in designing and implementing development projects, together with its financial and technological capacity, will unquestionably prove very useful.

Canada's commitment to stability in the region is also reflected in the support the Canadian Government has expressed in different forums for the peacemaking efforts of the Contadora Group. Today, with threats to peace in the region expanding, the voice of Canada and its political and moral weight are particularly valuable.

Today, we are reiterating our conviction, that the only path to firm and lasting peace is full respect for law and for the principles and norms of peaceful international coexistence.

It is the unavoidable obligation of Central Americans to staunch their wounds and regain stability, revitalizing the age-old concept of unity and settling differences among brothers, while it is the duty of other countries to respect the free determination of these peoples and to abstain from the use or promotion of force as a means of solution. Fortunately, countries like Canada, and almost all the Latin American nations, have taken specific steps to demonstrate their full support for diplomatic negotiations. This build-up of the international desire for peace strengthens the possibility that law and reason will ultimately triumph over generalized violence and war.

Distinguished Members of Parliament, in today's world, characterized by East-West tension—a sterile force that endangers the very existence of mankind—and marked by the profound imbalance between the North and South and the consequent instability owing to injustice and inequality, Mexico and Canada share the common goal of promoting dialogue, reducing tensions and furthering international co-operation for development.

In practice, Canada's and Mexico's foreign policy, as expressed in different forums, has often been the same and they have both promoted initiatives and striven for solutions to the serious problems that afflict mankind. This is not unusual. We have both always upheld the importance of international organizations for the maintenance of peace, security and co-operation, in the conviction that such organizations represent the values of peaceful coexistence among States and the supremacy of law over force.

I have come to Canada to reaffirm the high priority the Mexican Government confers on its relations with this country. We know that distortions in the world economy, which are

also affecting Mexico and Canada, have slowed the pace of our exchange activities. Nevertheless, experience in recent years has shown the numerous opportunities for co-operation in such diverse areas as agriculture, industry, energy, communications, fishing and transportation.

Economic and political relations between our two countries are not a matter of momentary circumstance, but of interests of a much vaster scope: similarity of political concepts and values, complementary economies and a common willingness to foster dialogue and co-operation on the basis of respect, trust, friendship and mutual benefit. We Mexicans and Canadians want to be increasingly closer friends.

Ladies and Gentlemen, under the threat of grave nuclear escalation, the increasingly acute ideological confrontation and the economic crisis that overshadows the world's atmosphere, there is a ray of light for the peoples of the American continent. Peace, respect for law, justice and co-operation must and will take their proper place as indispensable ideals of our community of countries. Those values are not negotiable, nor can they be fragmented without injuring the stability of all and violating the humanistic sentiment that conceived the enterprise of civilizing the New World.

It is my hope that through the untiring efforts of people and government, of organizations and individuals, future generations on our continent may find a safe, harmonious and just place in which to live together and grow. I trust that Canada and Mexico will be able to meet the challenge of making this project, which today exists in our imagination, a reality.

Thank you very much.

[*Translation*]

Hon. Maurice Riel (Speaker of the Senate): Mr. Speaker of the House of Commons, Mr. President of Mexico, Mr. Prime Minister of Canada, fellow parliamentarians.

Today we have had the great privilege of listening to an eminent statesman in the person of the President of Mexico. It is a great honour for me, as Speaker of the Senate and on behalf of my fellow senators, to thank the President for his wise words and to salute him as the leader of a country with which we maintain numerous cultural ties and ties of friendship, in addition to important trade relations.

Mr. President, you are also particularly welcome as the leader of a nation with which we share the larger part of the North American continent.

[*English*]

We in Canada have been impressed by the skill and the strength with which you, Mr. President, accepted the challenge of these difficult circumstances and have put your nation on the long and arduous path to recovery. In this, Mexico has given us all a praiseworthy example of confidence in the future.

A concern for the future has been evident too, Mr. President, in your commitment to the peace and well-being of the peoples of your region. We in this Parliament, indeed in this country, have followed the efforts of the Contadora Group with an intense interest and a profoundly-felt hope for their success. We realize that, as never before, we are all, literally and figuratively, "a piece of the continent, a part of the main". We ask you today to take back to your colleagues in Venezuela, Panama and Colombia our earnest wishes for the realization of your vision of a Central America in which conditions will permit its peoples to progress towards peace, stability and good neighbourliness.

[*Translation*]

Mr. President, we are all delighted to have you and your ministers visit Canada. Frequent meetings at the highest level, among heads of State, ensure an abiding respect for the best interests of all concerned by consolidating bilateral ties between countries. Therefore, we earnestly hope that the ties that exist between Canada and Mexico will continue to grow for the greater good of both our countries.

Finally, I wish to thank you again, Mr. President, not only for your address, not only for having come to Canada, but also for your efforts to restore peace in our hemisphere. Rest assured that Canadians, like all people of good will, are grateful to you for this and urge you to continue. In this as in all other things, Mr. President, we wish you the best of luck!

[*English*]

Hon. Lloyd Francis (Speaker of the House of Commons): Mr. President of Mexico, Mr. Prime Minister, Members of the Senate and the House of Commons.

It is a great honour for me, on behalf of Members of our Houses of Parliament and guests assembled, to express our appreciation of the Address we have heard from the President of Mexico. We welcome him to Canada as the leader of a friendly nation which shares Canada's commitment to peace and development in the Americas.

[*Translation*]

Continuing with the warm friendship developed between our two countries, we have the honour of welcoming our distinguished visitor to our capital.

[*English*]

Canada and Mexico have enjoyed diplomatic relations for 40 years. Our two nations are linked by many important treaties and agreements in such areas of common interest as energy, culture, industry and agriculture. The past several years in particular have witnessed a very welcome increase in the number and level of official contacts between our Governments.

[*Translation*]

In 1983, a delegation of Canadian parliamentarians visited Mexico to consolidate our friendship, increase our knowledge of each other's country and explore further avenues for co-operation between our two countries. All delegates came back delighted with their visit.

[*English*]

Hundreds of thousands of Canadians visit Mexico every year, and the number of Mexican visitors to Canada continues to increase. The beautiful Spanish language is heard spoken more and more often in the corridors of this building as touring groups follow guides across Parliament Hill. Such exchanges foster better mutual understanding and good will. We hope that they will thrive and expand.

[*Translation*]

Mindful of the cordial relationship between our two countries, we wish to thank His Excellency for his visit and his kind words. Thank you.

[*English*]

This joint meeting of the Senate and House of Commons of Canada is now adjourned.

THE SENATE

Wednesday, May 9, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

[*Translation*]

OFFICIAL LANGUAGES POLICY AND PROGRAMS

REPORTS OF COMMISSIONER OF OFFICIAL LANGUAGES AND EVIDENCE ADDUCED BY FORMER SPECIAL JOINT COMMITTEE— REFERRED TO STANDING JOINT COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

> That all reports of the Commissioner of Official Languages and the evidence adduced by the Special Joint Committee on Official Languages in the present Parliament be deemed to have been referred to the Standing Joint Committee on Official Languages Policy and Programs; and
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

If leave were granted, honourable senators, I would give a brief explanation.

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

Some Hon. Members: Agreed.

Senator Frith: Honourable senators may have noticed that such a provision was part of the message which we received yesterday from the other place. I have discussed with Senator Flynn the possibility of having the same provision for such a reference of reports, etc. in our records. Therefore, it is for the sake of consistency that we have provided it.

Motion agreed to.

QUESTION PERIOD

[*English*]

WESTERN GRAIN STABILIZATION ACT

INTRODUCTION OF AMENDING LEGISLATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask the Minister of State for the Canadian Wheat Board if he can give this chamber some information as to the intentions of the government with respect to the Western Grain Stabilization Act.

The other day the minister and his colleague gave notice that the act would be amended in the near future in order to improve its usefulness to prairie farmers. Can the minister tell us when this bill will be introduced?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): The most recent information I have, although it has not been confirmed, is that it is likely to be introduced in the other place this week. I am not 100 per cent certain whether that introduction is dependent upon some negotiation. My understanding is that the bill will be given first reading this week, but I cannot say that categorically.

Senator Roblin: Would my honourable friend undertake to find out exactly when it will be introduced because, unless this money is forthcoming to the farming community in the near future, it will exacerbate the cost price squeeze under which it is labouring at the present time.

If the press report I have read is correct, the passage of this bill will mean a $5,000-per-farmer payment, which is a pretty substantial amount when it comes to paying for fuel for seeding this spring.

I should like to know from the minister exactly when the bill will come into effect. He tells me he does not know that, but perhaps he can find out. At the same time, I should like to know his program as to when this will actually come into force and when we may expect to see the funds disbursed.

Senator Argue: Honourable senators, I will try to answer those questions. Earlier, I understood Senator Roblin to be asking something about the provisions of the act. If he did not do so, I suppose that I do not want to bring them up now. If he is interested in the intended changes, however, I would be happy to go over them.

The proposed amendments are far reaching. In my experience it is the first time that the actual legislation to be introduced will exceed, in the amount of porbable pay-out, the requests that were made by opposition members, particularly by way of a resolution passed by the Agriculture Committee of the House of Commons. The expense period for which a payment will be paid out is 1983. The statistics will be based on the income tax returns of 10,000 grain producers. An analysis of such returns could not be made until after the income tax returns were submitted at the end of April. I am informed that it will take about eight months into this calendar year before those expense calculations can be made. They are not projections, they are actual expenses experienced.

The proposal is to change the contributory period from a calendar year to a crop year in order to make the calculation more sensitive. Obviously, we are now into the crop year 1983-84. The payments will all be in by July 31. After that date, the calculations will be made as to income.

It is estimated that the earliest that those two sets of calculations can be made and can result in cheques being put in the mail will be towards the end of October or early November. If conditions do not change—and conditions are always changing—it is forecast that the total payment will be in excess of $300 million. If there should be a much larger quantity of grain marketed by July 31 than is anticipated, the total will be less than that amount. If conditions were much worse than is being anticipated and if less grain were marketed this crop year, the payment would be more. Based on these kinds of calculations, it is estimated that the maximum payment per producer will be between $5,000 and $6,000.

Honourable senators, it is the intention of the government to table the legislation. The government has been seeking—successfully, I believe—the co-operation of the opposition parties so that the bill can be passed quickly. It is the government's wish that the bill become law as quickly as possible. These calculations will then be made and the payment, according to the proposed legislation, can be made as early as October or November.

Senator Roblin: Honourable senators, I do not want to assist the minister in converting this discussion into a debate, but of course the critical factor here is the new trigger formula. It is not really described in any detailed fashion in the information given. I do not, however, ask the minister to give us that sort of detail now. If the bill is coming down this week or next, I am content to wait for it.

Senator Argue: It is a new trigger formula and everybody on the advisory committee supports it.

PARLIAMENT HILL

LANDSCAPING

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to questions asked yesterday by Senators Macquarrie, Godfrey, Guay, Riley, Murray and Molson concerning the beautification program presently under way on Parliament Hill.

The beautification program on Parliament Hill is a National Capital Commission project which has been under consideration for a couple of years. The project was authorized by cabinet, and both Speakers were consulted before and after the decision was made. Additionally, the Minister of Public Works, who is responsible for the project, notified party leaders in the other place before the work was undertaken.

There are several reasons for this project. First, the wall around the flower beds and shrubbery was in dangerous condition and needed to be repaired. Secondly, the bushes needed to be cut back and many of the trees were diseased. It was thought that it would be easier to do everything at once rather than in bits and pieces. Thirdly, the landscaping is being restored to its appearance in the 1920s, just after the present Centre Block was built after the fire. Fourthly, cables had to be installed underground for the Son et Lumière Show. It was thought that it would be preferable to bury the cables under the shrubs and flowers that had to be dug up anyway rather than to tear up the front lawn.

[Senator Argue.]

The Son et Lumière Show will be an historical recreation of the story of Canada from its discovery until just after the Second World War. The show will begin on June 22 and I understand that all members of Parliament and senators will be invited to the first show. There will be a set of portable bleachers rolled on to the lawn each evening before the show and removed imnmediately afterwards.

The government believes that it will be of benefit to Canadians and other visitors and will add to their knowledge about Canada.

The total cost of the project is $2.3 million which the government considers to be money wisely spent. In fact, doing these two or three jobs in a co-ordinated way will actually save money.

The work is due to be completed on June 15, when all of the trees, flowers and shrubbery will be back in place. None of this will affect the changing of the guard ceremony.

In response to a specific question from Senator Guay, I am informed that security considerations had nothing to do with the beautification project; and, in direct response to Senator Godfrey's question, there are no plans at the present time to plant trees on the east side of the building.

Some Hon. Senators: Hear, hear.

Hon. Lowell Murray: Honourable senators, I regret that I cannot share the applause given to the answer, although I thank the minister for having brought it to the Senate so promptly.

May I ask him whether he has an answer to my more general question as to the attitude of the government to the status of the Parliament buildings; whether in the view of the government the Parliament buildings are in the same category as any post office or other federal building and therefore to be altered or dealt with at the sole discretion of the government; or whether the government is not obliged to consult with both chambers of Parliament before undertaking works or alterations to the buildings or elsewhere on Parliament Hill?

Senator Olson: Honourable senators, as to whether the honourable senator is seeking facts or opinions, I believe the term he used was "attitude". It will therefore take me a little more time to ask someone to prepare that, because obviously if it is an opinion—and I am sure he agrees that it is, or at least an interpretation—it will take a little longer to prepare, particularly in the terms he has put forward related to that attitude. If the honourable senator had listened carefully to my reply, he would know that the Speakers of both houses were consulted prior to the action taken by the Department of Public Works and the National Capital Commission, who are directly responsible for carrying out the work that is going on.

Hon. Richard A. Donahoe: Honourable senators, in answering the question, the Leader of the Government has chosen to

ignore the fact that I also asked questions with respect to the same matter. He may feel that my questions have already been answered.

Senator Olson: That's right.

Senator Donahoe: I do not so consider, and I wish that to be clearly understood. The answer, If one were given, was that it was a decision not of the government but of Parliament as to the extent to which persons with views adverse to some government policy would be permitted to demonstrate. It was indicated that it was not the government that made the decision to permit the peace camp to remain, but Parliament.

I merely wish to point out to the Leader of the Government that we sit in the Senate and we are a functional portion of Parliament. But at no time were we asked for our opinion on the peace camp or whether permission could be granted to the persons supporting it. Therefore, I say that the answer was not an answer in that the government must have made the decision because Parliament did not. I will repeat the question: What is the attitude of the government toward the peace camp when these undertakings, the Son et Lumière and other so-called improvements are completed?

• (1410)

Senator Olson: Honourable senators, Senator Donahoe is correct in that I did reply to the question yesterday. It is my sincere hope that members of the opposition will be satisfied with the answers that I give them but I cannot give an undertaking that they will be satisfied with each answer. Members of the opposition are entitled to a reply but whether or not their interpretation of it is that it is satisfactory or otherwise is entirely at their discretion.

Hon. Jacques Flynn (Leader of the Opposition): We will take that as an admission anyway.

Hon. Heath Macquarrie: Honourable senators, I indicated to the minister yesterday that I did not like to engage in questioning unless I had some information. I am sorry I missed the first part of his answer because, for once in my life, I was late getting to a sitting of the Senate, having people in my office complaining about the desecration of Parliament Hill and thinking that, as a courtesy, I should listen to them. I am convinced, as an amateur silviculturist and having examined those trees, that a great many of them were healthy, lovely trees. It may be fine for the Minister of Public Works to say that some of them were diseased but it seems to me that the hale, healthy and ill went down in one vast stroke on that sad day. I shall read carefully what the minister has said and I reserve my right to question further on that which I think has done us no good and is not something over which any minister may be proud.

VETERANS AFFAIRS

ALLOWANCES AND DISABILITY PENSION RECIPIENTS LIVING OUTSIDE CANADA

Question No. 4 on the Order Paper—**By Hon. Jack Marshall:**

1. With respect to (i) Canadian War Veterans who are recipients of War Disability Pensions and (ii) Canadian War Veterans Allowances or Civilian War Allowances, how many live outside Canada and what is the breakdown by country?

2. How many applications have been received by the Department of Veterans Affairs for War Veterans Allowances during the past year and how many (i) were willing or able to return to Canada to fulfill the 365 day residency requirement and (ii) had to refuse to return to Canada as a result of illness?

Reply by the Minister of Veterans Affairs:

(i) United States	6,423
United Kingdom	1,891
Australia, New Zealand, Tasmania	103
South Africa	40
Europe	110
Other Countries	127
	8,694
(ii) United States	82
United Kingdom	265
Europe:	
Northwest Europe	4
Central Europe	5
Eastern Europe	1
Southern Europe	41
Other Europe	2
South Africa	6
Australia	4
New Zealand	4
Mexico	4
West Indies	2
Central America	1
South America	1
India/Pakistan Area	1
	423

2. Fifteen applications were received and (i) 13 veterans were willing to return to Canada to fulfill the 365 day residency requirement and (ii) 2 applicants cited health as reason for not returning to Canada for the qualifying period.

AGING VETERANS PROGRAM

Question No. 5 on the Order Paper—**By Hon. Jack Marshall:**

How many applications have been received by the Department of Veterans Affairs for the Aging Veterans

Program since its inception and how many were (i) approved and (ii) turned down?

Reply by the Minister of Veterans Affairs:

Four thousand applications have been received since the Aging Veterans Program inception and (i) 3,185 applications have been approved (ii) 815 applications have been turned down.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-205, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF HULL—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Leblanc, seconded by the Honourable Senator Marsden, for the second reading of Bill C-205, intituled, "An Act to change the name of the electoral district of Hull".—(*Honourable Senator Flynn, P.C.*)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am pleased to see we have with us Senator Lafond, who shares my views on this kind of bill. Like me, he has always been opposed to using multiple names to indicate a riding. I imagine he will have some comments to make, and I am sure we will listen to those comments with great interest.

My only other point is that the Government has used this kind of legislation to appoint a new returning officer, using the excuse that when the name of a riding is changed the returning officer must be replaced as well.

I know this happened in the case of Ste-Hyacinthe, when they changed the name to Ste-Hyacinthe-Bagot. The returning officer was replaced because it was no longer the same riding.

The Federal Court said: No, you may not do this. The Government appealed and the case is now before the Appeals Division of the Federal Court.

I would like to know whether the Government, in the case that concerns us now, intends to replace the returning officer of the riding of Hull, if we agree that from now on, the riding will be known as Hull-Aylmer instead of just Hull.

Hon. Paul C. Lafond: Honourable senators, I am sorry I was not in the House yesterday when this Bill was introduced. In fact, I was chairing the Committee on National Defence in Winnipeg. I want to thank Senator Flynn for being so king as to adjourn debate on the Bill, to give me a chance to resolve what may seem to be a conflict of interest.

I have no objection to the name of the riding being changed to Hull-Aylmer, provided the procedure is acceptable. The riding has been known as Hull since the beginning of the twenties. Before that, it was known as Wright and covered a large part of the territory that is now the riding of Gatineau. At the time of Confederation, it was called the riding of Ottawa, on the Quebec side.

Thus, the name itself is not terribly important. The town of Aylmer—not yet but perhaps and probably a city in the near future—has grown enormously, owing to a considerable increase in population. The proportion of people from what is called Aylmer in the riding of Hull is increasing, and this fact probably should receive recognition.

However, I do not agree with the procedure for changing a riding's name. I have always maintained this position during the fourteen years I have been in the Senate, and I shall continue to do so. It should be done before an Electoral Boundaries Readjustment Commission or the House of Commons during the debate on reports by the Commission. I have always disapproved of doing so by means of a public bill, and even if the riding happens to be my own, I still disapprove.

Hon. Fernand-E. Leblanc.: Honourable senators—

The Hon. the Speaker *pro tempore:* I must inform the Senate that if Senator Leblanc rises to speak at this time, this will close the debate on the motion for second reading of this bill.

Senator Leblanc: Honourable senators, in reply to the first speaker, Senator Flynn, I have been told and assured that there is no question of replacing the returning officer. The same one will be reappointed—

Senator Flynn: Reappointed?

Senator Leblanc: Of course, he will be reappointed.

Hon. Martial Asselin: He does not need to be reappointed; this is petty patronage!

Senator Leblanc: In any case, I have been given the assurance that the returning officer will be the same, and I have discussed this with the member for Hull, whose constituency will soon be called Hull-Aylmer.

Now, to reply to Senator Lafond, we have to remember, as he said so well, that the Town of Aylmer has expanded and now has a population of 35,000. According to my information, Aylmer has never been identified in any designation of the federal electoral district.

The present member is being pressured to have Aylmer identified as it has reached a certain maturity. As mentioned earlier by Senator Lafond, it will probably soon become a city. While the population of Hull has decreased a bit, Aylmer has grown in a spectacular fashion.

Therefore, to please the people of Aylmer who are demanding to be recognized, I believe that it would be appropriate to accept the change suggested by the representative of the riding, expecially as this name will remain for years to come.

Senator Lafond: I would like to make a correction. I do not believe that the population of Hull has decreased. It may have been overtaken by neighbouring municipalities, but its population has not decreased.

Senator Leblanc: Fine, I accept that.

Senator Asselin: Would Senator Leblanc allow a question?

Senator Leblanc: Yes.

Senator Asselin: Does Senator Leblanc intend to refer this bill to the appropriate committee of the Senate to hear the views of those who are asking for this change?

Senator Leblanc: Personally, I do not see any need to refer the bill to a committee.

Senator Asselin: I would like to hear the representative of the riding.

Senator Leblanc: I wonder whether this would help the debate that much. We might hear representatives from the Aylmer and Hull Municipal Councils, but I wonder whether this would be of any use since, at least according to my information, the people in Hull and Aylmer agree on the name change.

Senator Asselin: Well, they can come and tell us what we would like to know.

Senator Leblanc: I have no intention of referring the bill to a committee. In fact, with leave of the Senate, since I could be elsewhere tomorrow afternoon, I even intend to ask that third reading follow immediately after second reading if possible.

Senator Asselin: No.

Senator Flynn: It is asking too much.

Motion agreed to, on division, and bill read the second time.

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

Senator Leblanc: Honourable senators, as I mentioned earlier in my speech at the second reading stage, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be now read a third time.

Senator Asselin: No.

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

Senator Asselin: No.

Senator Leblanc moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

• (1420)

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Henry D. Hicks moved the second reading of Bill C-12, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977.

He said: Honourable senators, while this bill is somewhat complicated, largely because of its interrelations with other legislation and because of the technical difficulties required to be overcome to effect the main purposes of the bill, the main purpose of the bill itself can be very simply stated. It is to restrict the increases in the *per capita* transfer payments to the provinces in support of post-secondary education in 1983-84 to 6 per cent above the 1982-83 levels, and to restrict such increases in 1984-85 to 5 per cent.

There is no such restriction which respect to the transfers in support of other expenditures under the Established Programs Financing Act, specifically for medical care insurance and for hospital insurance. I repeat, there is no restriction on the increases in the transfer of payments for these other items in the established programs financing package.

In order to enable the post-secondary education transfers to be limited in this way, the established programs financing transfers have been separated as between the post-secondary education federal transfers and those relating to medical care and hospital insurance. The PSE expenditures are then reduced to a *per capita* figure which can be escalated by 6 per cent and 5 per cent in the two years referred to and then, of course, multiplied by the population of each province to determine the PSE transfer to which the province is entitled.

The effect of the population increases in the provinces of Canada will raise the dollar value of these transfers for the whole of Canada from 6 per cent to approximately 6 per cent in the 1984-85 year, but, of course, these additional increases will not be uniformly distributed in each province of Canada because the population changes will not be uniform in each province.

Let me repeat once more: The escalated figure for medical and hospital-related transfers will not be restricted and will continue to rise with the rise in the national economy as measured by the gross national product escalator which has been in effect since the 1977 legislation. The main point of the bill is to make the six-and-five program apply to the fiscal year just closed and to the fiscal year just beginning.

I should also point out some other changes. Clause 1 of the bill, for example, changes the name of the legislation from the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 to the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. As has been stated in this chamber previously by a number of senators, including myself, the reason for this is obvious, and that is, the federal government has become somewhat disaffected by the lact of visibility of its support to post-secondary education.

Hon. Jacques Flynn (Leader of the Opposition): Tragic!

Senator Hicks: Some of the consequences have really been tragic. It was felt that by including the term "post-secondary education" specifically in the title of the act, it might draw a bit more attention to the very substantial contribution which the Government of Canada makes to our institutions of higher education.

Senator Flynn: Childish.

Senator Hicks: Clauses 10 to 13 of the bill, among other things, replace the present designations of medical care insurance and hospital insurance by the one phrase, "insured health services." Amendments consequential on the coming into force of the Canada Health Act—which, of course, was not determined at the time this bill was passed in the House of Commons but has since come to pass—are also contained in

clauses 10 to 13. That is to say, certain consequential changes have been made to make this bill link properly with the new Canada Health Act.

A new clause 9 was added to the bill in the House of Commons. That, I think, is a very interesting and useful step. I will read it to you because I think it is important that senators be familiar with it. The motion was that the bill be amended by adding a new clause 9 as follows:

> The said Act is further amended by adding thereto, immediately after section 24 thereof, the following section:
>
> 24.1 (1) The Secretary of State shall cause to be laid before each House of Parliament, not later than the fifth sitting day of that House after the 31st day of January next following the end of each fiscal year that begins after March 31, 1984, a report for that fiscal year on
>
> (a) cash contributions and total equalized tax transfers in respect of the post-secondary education financing program applicable to each province;
>
> (b) expenditures by each province on post-secondary education;
>
> (c) any other federal programs of support to or involvement in post-secondary education;
>
> (d) the relationship between such federal contributions, transfers and programs and Canada's educational and economic goals; and
>
> (e) the results of any consultation by or on behalf of the Secretary of State with the Council of Ministers of Education, Canada relating to the definition of national purposes to be served by post-secondary education and the means by which the governments of Canada and the provinces will achieve those purposes.
>
> (2) Every report laid before Parliament under subsection (1) shall be referred to review to such standing committee of the House of Commons, of the Senate or of both Houses of Parliament as is designated by Parliament for that purpose.

Then there is a provision that the succeeding clauses be appropriately renumbered.

Finally, clause 14 of the bill provides that the first nine clauses dealing with the transfer of payments themselves come into force on April 1, 1983, and that clauses 10 to 13, the remainder, will come into force when the Canada Health Act comes into force, which will mean that, as soon as this bill has received Royal Assent, those clauses will also be in effect.

● (1430)

It should also be remembered that these restrictions on the post-secondary education transfer payments apply only to the two fiscal years that I have mentioned. In 1985-86 and in subsequent years the PSE transfers revert to the previous arrangements and are again calculated with respect to the gross national product escalator.

[Senator Hicks.]

There is one other thing I should point out to honourable senators. In the year 1983-84, due to the recalculation by Statistics Canada of the gross national product, there was a windfall that occurred in the total transfer payments to the provinces, both for medical care and for post-secondary education. This windfall amounts to $769 million for both the health care and post-secondary education programs. This $769 million is built into the base figure for purposes of escalation in subsequent years.

Honourable senators, I should perhaps refer briefly to the magnitude of these transfer payments. All established program financing—that is, health services plus post-secondary education—in 1982-83 amounted to a little more than $12 billion. In 1983-84, this figure rose to $13.5 billion. In 1984-85, it is estimated to reach $14.7 billion. The transfer payments relating only to post-secondary education amounted, in 1982-83, to $3.7 billion; in 1983-84, to almost $4 billion; and, in 1984-85, are estimated to be about $4.2 billion.

On February 18, 1982, speaking in a debate resulting from an inquiry initiated by the Honourable Senator Macquarrie into the support of post-secondary education institutions in Canada, I pointed out that the application of these funds which are transferred to the provinces varied substantially from province to province. I attached to *Hansard* of that day a set of tables showing exactly the position with respect to each of the ten provinces of Canada. I will not go over those figures again today, but should any honourable senator want to look at them, they appear at pages 3658 to 3665 of *Hansard* for February 18, 1982. Suffice it to say that these tables show that three of the four Atlantic provinces were not granting to post-secondary education institutions as much support as they received from Ottawa itself. I think that the figure in Price Edward Island showed that the transfer payments amounted to about 110 per cent of the total grants to universities in that province, and the figures were nearly as high in Newfoundland and in New Brunswick. In this present year, the prvince of British Columbia will receive over 5 per cent more than it did last year because it is one of the provinces that has had a significant population increase, and the 5 per cent applies only to the *per capita* transfer; it will then be multiplied by the real population in the province in the year concerned. Despite the fact that that province will be receiving more than 5 per cent additional in this year, it is reported that British Columbia will be cutting back by at least 3 per cent—and some of the figures I have seen indicate as much as 5 per cent—in the actual dollar grants to the universities. If I understand correctly, the cut-back in the basic university grant is 5 per cent in British Columbia, but the province is then making certain other supplementary payments so that the total quantity of funds involved in the reduction may work out to be only 3 per cent.

Honourable senators, that is the bill which is before us. Some of my academic colleagues may wonder why I was willing to sponsor this bill. The reason is that I think that the federal government has a pretty good record with respect to transfer payments in support of post-secondary education institutions. Honourable senators known from previous speeches I

have made in this chamber, and particularly my speech of February 1982, that I did not approve the basis of the 1977 Fiscal Arrangements Act. I felt that it transferred moneys to the provinces without any checks, without any guarantee that the moneys would be used either for the purposes for which the transfer had been calculated or to further the aims of the federal government in transferring money in support of post-secondary education. I must be careful; I am not accusing any of the provinces of illegally committing funds, and so on, but the fact remains the funds which were transferred to some provinces, intended to be applied to the support of post-secondary education, must have been used by those provinces for purposes not connected with post-secondary education at all.

Hon. L. Norbert Thériault: That's politics!

Senator Hicks: Well, I think that is a little too harsh, Senator Thériault; politicians have to build roads and bridges as well as to support universities, although I might suggest that at some time we should have a debate on the subject in this chamber, in that there is real cause to be concerned about the level of support of universities and post-secondary education institutions in this country today. If Canada is going to play its part in the highly technological world into which we are moving, then we cannot afford to fall behind in this important area. We have fallen behind in comparison with some other developed countries and in comparison with the efforts that we, ourselves, were making in the 1960s and early 1970s.

Honourable senators, I think that I could do no better than to conclude by reading what I said in my speech of February 1982.

> Let me conclude by reiterating that I place myself among the very front ranks of those who appreciate the importance to our country, not only of our universities but also of our other institutions of post-secondary education. Perhaps in the highly technological society in which we are living today, some of these are even more important than the classical or traditional university.
>
> I do not wish to see the finances of post-secondary education institutions diminished. Indeed, increases should more than keep pace with inflation and should enable universities to meet Canada's needs in the important years ahead in this century. It would seem to me, as I have said before, that the federal government's support is on the whole congnizant of these needs. I believe that provincial governments and provincial politicians must do more than talk about their provincial rights and responsibilities in education; that they too must provide a fair and adequate measure of support, which some of them, riding on the coat-tails of the federal government, have not been doing during the last decade or the last 15 years.

It is for these reasons, honourable senators, that I move the second reading of this bill and solicit your support for it.

Hon. Senators: Hear, hear.

Hon. Frederick W. Rowe: Before the honourable senator terminates his very eloquent statement, I wonder if he would permit a question? I understood him to say that there is nothing illegal about a province's not spending on education the entire amount that it has received from Ottawa for that purpose. My question is: Has Ottawa protested or indicated that it plans to take any steps in respect of, for example, Prince Edward Island or Newfoundland, with regard to this failure on the part of the provinces to utilize all of the money that has been transferred to them from Ottawa for educational purposes?

Senator Hicks: I do not think that Ottawa has made such formal protests. I think that, at the time of the Established Programs Financing legislation in 1977, politicians, including federal politicians, were so concerned lest they trample upon the rights of the provinces in the field of post-secondary education that, while they calculated moneys which respect to these costs, they transferred them with no strings attached. There can be no question that there was anything illegal about the application of these funds by Prince Edward Island or Newfoundland, to name the two provinces that have been mentioned.

I believe that the new clause 9 of the bill, which I read, which requires a report on these transfers to be laid before both houses of Parliament each year, including not only the federal contributions but also the provincial expenditures, will at least make sure that the facts are placed squarely before members of Parliament in both houses; and perhaps that will have a salutary effect on the expenditure of the funds, particularly in those provinces that might be expected to put forth a little more effort than they have been doing in the past.

• (1440)

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask the honourable senator a question with respect to new clause 9 of the bill, which requires a report respecting expenditures on the part of the provinces? Who will compile those figures? Will that be done by the federal authorities, or will the federal authorities ask the provinces to furnish them with the information so that they may report to Parliament?

Hon. Jacques Flynn (Leader of the Opposition): And rely on them.

Senator Hicks: Honourable senators, I should think that the report would have to be compiled by the federal Department of Finance. I suppose there is the possibility that they may not get the kind of co-operation from the provinces that they want; but there will be time to review that situation when we have had a look at the first report.

The tables to which I referred in my February 1982 speech were stated at that time to have been prepared by the provinces for a meeting of education ministers in 1981. Some honourable senators may recall that the Secretary to the Council of Ministers of Education objected to that and claimed that the tables were not so prepared. I made a correcting statement in this house a few weeks later acknowledging that, but pointing out that while the Council of Ministers said that they did not assume the responsibility for preparing the tables, there was no suggestion of any kind that the tables were in any way inaccurate.

Senator Roblin: Honourable senators, I raise the point simply because of past experience of this matter. In days gone by, one of the serious bones of contention between provincial treasurers and the federal Minister of Finance was the accuracy of the figures, because the federal Minister of Finance was using figures in connection with transfer payments to provinces, and with respect to expenditures by provinces, which the provinces did not accept as being accurate.

I would simply suggest to my honourable friend that short of amending the bill—which personally I would be inclined to do—I hope that when the bill reaches committee we can get some undertaking by the federal authorities that they will, in fact, reconcile their figures with the figures of the provinces before attempting to display this information in any reports to Parliament.

Senator Hicks: Honourable senators, I believe that to be a highly desirable suggestion, and I will certainly support it in any way I can. I might point out that clause 9, the reporting clause, was not a government measure. It was inserted into the bill in the other place upon the urging of certain members of Parliament, most of whom I believe were opposition members. However, that can be gone into when the bill is before committee. It would certainly be desirable if we could obtain the assurance of some responsible person in either the Department of Finance or the Treasury Board that these reports will be made accurately and in a manner acceptable to the provinces.

[*Translation*]

Hon. Arthur Tremblay: May I ask a question to Senator Hicks concerning the real meaning of clause 9(d), if I remember correctly? It has to do with the report that the minister responsible would lay before both Houses concerning the results of any consultations by or on behalf of the Secretary of State with the Council of Ministers of Education, Canada relating to the definition of national purposes to be served by post-secondary education.

Hon. Royce Frith (Deputy Leader of the Government): It is subclause (e).

Senator Tremblay: Quite so, I do not have the bill before me. I stand corrected. It is indeed clause 9(e) where reference is made to a report by the Secretary of State on the results of any consultations relating to the definition of national purposes to be served by post-secondary education and the means by which the governments of Canada and the provinces will achieve those purposes.

As worded, that clause looks very innocuous. It must be there for something. It does not sound like much, but it would appear that if there are any consultations, the minister would have to report on those consultations. So far, it might be said that it is not a hypothetical question or legislation, but it seems to me that there is something hidden behind that test.

I wish Senator Hicks would give us more explanations at this point. If the bill is sent to committee, the Secretary of State will appear before us to explain himself. I point out that this is something quite unusual in a federal piece of legislation. Keeping in mind the nature of federal-provincial relations in that field, and the distribution of legislative powers in this country, I would point out for now—I will say more about this later—that it is quite unusual to write into a federal law the vaguest of intentions to produce an annual report on consultations, if any, and to even suggest that national purposes would thus be negotiated between the two levels of government.

[*English*]

Senator Hicks: Honourable senators, I cannot disagree with the honourable senator. As a matter of fact, he referred to subclause (d) which also appears to be somewhat vague. It says that he is to report upon:

> (d) the relationship between such federal contributions, transfers and programs and Canada's educational and economic goals; . . .

I consider that to be rather vague. There could be all kinds of opinions as to exactly what those relationships were and as to what things were or were not relevant.

Moving on to subclause (e), to which the honourable senator referred, this does not require anyone to do anything. If honourable senators will read the subclause carefully, it says the Secretary of State is to report upon:

> (e) the results of any consultations by or on behalf of the Secretary of State with the Council of Ministers of Education, Canada relating to the definition of . . .

That does not require any such consultations to take place. It merely requires the Secretary of State to report on the consultations if, in fact, by some other authority there have been consultations.

Senator Flynn: Would the honourable senator say that the national objectives would be different from provincial objectives?

Senator Hicks: I do not believe I said that.

Senator Flynn: You did not say that. I am asking you.

Senator Hicks: I beg your pardon. I suppose, yes. There are some objectives that would be of national significance to a much greater extent than some others. The reason I referred to that clause was to point out that there could be so many opinions as to exactly what constituted a national objective or a provincial objective, and which objectives were on all fours both within the provinces and the nation as a whole.

Senator Flynn: And the Constitution.

Senator Roblin: It is pretty sloppy drafting.

On motion of Senator Macdonald, for Senator Kelly, debate adjourned.

• (1450)

[*Translation*]

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on Senate Reform, tabled in the Senate on January 31, 1983—(*Honourable Senator Leblanc*).

Hon. Fernand-E. Leblanc: Honourable senators, in his brief presented before the Special Joint Committee on Senate Reform, Professor Léon Dion of Laval University said:

> I do not believe that, given Quebec's refusal to recognize the Constitutional Act of 1982 and the little enthusiasm in the rest of the country for undertaking constitutional revision, that it is timely to become thoroughly involved in the process right now. I even consider that it is not prudent to do it.

I am of the same opinion, and although I agree with most of the recommendations of the committee, of which I have the honour to be a member, I prefer to propose a three-stage procedure for Senate reform, which I shall explain later on. I feel that a step-by-step approach would receive the support of the provinces and would certainly be more acceptable to the government and people of Quebec.

In December 1983, during the week that Parliament was to be prorogued, the committee made a final, three-day sprint to incorporate in the draft report the changes approved by the majority of members present. At the end of the three days, the two co-chairmen, whom I wish to congratulate on their dedication and understanding—I see one of them in the Speaker's chair today, and I offer him my sincere congratulations for the committee's excellent work—asked for a final vote on the corrected version. The committee barely had a quorum, that is ten members. Nine members voted in favour of approving the corrected text, without seeing the final version. Personally, I felt I had to vote against the report, which I did not see again until it appeared in its final printed form on the day it was tabled in Parliament.

I voted against the draft of the final report, not because I was against all the recommendations the seven paragraphs contained. On the contrary, and here I wish to thank members of the Research Branch of the Library of Parliament and representatives of the Parliamentary Centre for External Affairs and External Trade, who worked together with me on an ongoing basis, helping me to prepare my presentations to the other members of the committee.

Although I did object to the substance of some paragraphs, I also, and expecially, objected to the type of presentation suggested for the report.

I suppose my attitude came as no surprise, because since my appointment to the Senate, I have made three speeches in which I clearly indicate my views concerning Senate Reform, and I am referring to speeches made on April 24, 1980, March 3, 1982, and April 29, 1982.

Initially, like all other members of the committee, I listened to our many witnesses with an open and very receptive mind. However, none of the witnesses was able to convince me that I should revise the opinions expressed in my speeches or that any of my convictions, as reflected in the Lamontagne-Goldenberg report, were obsolete. So there was no conversion upon hearing the testimony. Many witnesses imagined that Senate reform is a panacea for the problems raised during the hearings, and for the problems existing in this country generally.

Many witnesses stated that the people of Canada wanted a reformed Senate, and that most of the electorate preferred an elected Senate. However, according to surveys published by the Canada West Foundation in December 1983, that is not entirely true. The surveys revealed that 35 per cent of Canadians preferred a reformed Senate, 28 per cent preferred to see the Senate remain unchanged, 16 per cent wanted to abolish the Senate and 20 per cent had no opinion.

Irrespective of the powers of the structure of the Senate, I feel it will be impossible to get rid of the economic, geographic, demographic and cultural factors in this country that are at the root of many of these problems and which, paradoxically, are also this country's great strength.

Professor Peter Russell of the Uniersity of Toronto made the following comments to the committee:

> The first one is: Is there a problem in Canada today, a serious pressing problem of regional alienation that is related to the lack of adequate regional representation in the national government? Is that an urgent problem? The second is: If it is a problem, is it one best addressed by Senate reform? The third is: Even if Senate reform or some other reform to address regional alienation is needed today, is this the time to do it? Are the times ripe and propitious to indulge in major constitutional overhaul? Basically, I am going to answer no to all three parts of my question.
>
> Briefly, is there a severe problem of regional alienation right now? My answer to that would be that there have always been regional tensions and strains in this country. Your own Senator Frith, in his address to you six months ago, went over that material quite well and read into the record of the Senate debates many passages from learned Canadian academics on the continuation of regioanl tensions, not only in this federation but in all federations, and I might say, in unitary states, too. England and France have regional tensions and strains and they will always be with us.

I shall refrain from repeating the points I made in my three speeches concerning the recommendations expressed in the latest report on Senate reform. However, I would like to recall the suggestions I made to the committee on ways of implementing Senate reform.

I suggest a three-stage reform: first, internal short-term reforms, which, if they had been implemented in the past would have made it unnecessary to have another committee in 1983. These reforms, controlled by the Senate itself, would have to be implemented immediately.

Second, medium-term reforms which might call for legislative amendments by the Canadian Parliament, either the adoption of new laws or constitutional amendments pursuant

to the powers given to Parliament under section 44 of the Constitution Act, 1982.

Finally, the third stage, long-term reforms which would require the agreement of the Canadian Parliament and of at least seven provinces representing 50 per cent of the people, as provided for in section 42(1)(*b*) of the same act.

● (1500)

The long-term reforms would be very difficult to implement, according—among others—to Professor Robert Jackson of Carleton University, whom I quote:

> Naturally, impractical reform proposals do not even deserve our attention. There will be much difference among all proposals because of the need to avoid four obstacles: the Senate, the Commons, the executive power and the provincial governments, more or less in that order of difficulty. A fertile constitutional imagination will be required to jump over those obstacles.

With respect to the first stage, namely short-term internal reforms, my suggestions and my recommendations flow mostly from the 1980 report of the Standing Senate Committee on Legal and Constitutional Affairs, and from the evidence given the numerous parliamentarians and academics who attended the hearings. It must be noted that a great many of those people endorse the Lamontagne report to which I referred at the beginning of my remarks. According to Professor Peter Russell, whom I quote again:

> The third approach is the one that interests me the most, and that is in modification of what you have now, a Senate appointed by the federal level of government. You already have, it seems to me, some very interesting suggestions on that model in the Lamontagne subcommittee report to which I have already referred; and I know some members of this committee were on that subcommittee of the Senate, so I do not want to go through it in detail.
>
> But let me just suggest that there are a couple of suggestions in the Lamontagne report, if I can call it that, which I think are well worth taking up. The advantage of them, as I see them, is twofold. Some of them can be done without formal constitutional change. Second, those proposals address the two classic purposes of the upper House of a federation.

Professor Russell is in favour of reforming the Senate appointment procedure and of thinking of the Senate committee proceedings in terms of the regions.

And, according to the Honourable Eugene Forsey:

> Most of the proposals of the Lamontagne report for improving the work of the Senate and the representativeness of the Senate do not require any constitutional amendment whatsoever. Most of them do not even require legislation, ordinary legislation passed by the two Houses of the Parliament.
>
> I am not going to ask you to swallow the Lamontagne report line, hook and sinker. I do think that it merits very careful attention, and the proposals it puts forward for Senate reform are proposals which would in fact do a great deal to meet many of the objections to the existing Senate.

[Senator Leblanc.]

Many changes were proposed by witnesses who appeared before the committee, most of them stemming from recommendations in previous reports. Those changes would not require amendments to existing legislation or to the Constitution, but only decisions by the government and the Senate, and they might contribute to enhance the image of the Senate and its credibility as a legislative institution; others might also strenghten its role as spokesman for regional interests before the institutions of the central government.

First, there are the vacancies in the Senate. At the time of the hearings, there were 20 vacant seats, and there are now 12, if I am not mistaken. One seat for New Brunswick has now been vacant for 12 years. Such vacancies undermine the credibility of the Senate as a legislative body, reduce its ability, especially at the committee level, to fulfill adequately its legislative functions of consideration and investigation. All Canadian regions are deprived of their full complement of representatives in the Upper Chamber. A paper dated November 30, 1983—submitted by Senator Le Moyne and myself—following consideration of the first draft of the report for the committee, uses rather harsh language about the prejudice caused by these vacancies. The 12 seats now vacant should be filled as soon as possible; any further vacancy should be filled within a period of six months to one year, as many witnesses as well as our report have already recommended.

There is also the immediate possibility of making certain important changes to the Rules of the Senate, especially changes which could increase the credibility of senators in the legislative process. First—and some senators may not like what I am about to say but it matters not—there is the high rate of absenteeism in the case of a number of senators. Many recommendations have been made to correct the situation; they all involve a common requirement, namely that senators should behave as senators.

Second, changes in sitting times and days. The committee received various recommendations in this regard and all of them had some value. I would like to quote Rule of the Senate No. 13, which provides the following:

> Unless otherwise ordered, when the Senate adjourns on Friday, it should stand adjourned until the Monday following.

I do not have the impression that Rule 13 has been applied too often, at least not since my appointment to this place.

Third, a change in the legislative role of the Senate. While the Senate plays its role efficiently given the time exigencies related to the legislation referred to it by the House of Commons, recommendations have been made in previous briefs or reports about possible improvements to its responsibilities in the legislating and investigating process.

Fourth, the investigating role of the Senate, especially through its committees, has become increasingly important in various areas, namely the social, technological, commercial

and regional fields. The effectiveness of the Senate in this regard has earned much praise and several recommendations were made to increase its responsibilities in this area.

Fifth, the importance given to regional representation in the terms of reference of the committee has led many to conclude that only an elected Senate could do a good job. However, some of the recommendations aimed at improving the present system, including changes in the appointment process, would allow the Senate to represent regional interests more effectively, such as establishing a committee on regionalism, creating regional caucusses which would include representatives of all parties on a provincial basis, appointing senators to the board of directors of certain crown corporations, and finally, approving the appointments made by the Governor in Council to crown agencies and corporations.

Sixth, changing the method for selecting senators may be the most important aspect of Senate reform from the point of view of the credibility of this institution and its ability to represent regional interests and fulfill its duties efficiently. Those who appeared before the committee were nearly all unanimous in reproving the present method of appointment and the duration of the senatorial term; these criticisms echo recommendations contained in previous reports. There are many other options, including straight election which I do not favour for the moment; I shall explain why later on. It would be possible to change the method of appointment up to a point without having to amend the Constitution. The committee received many suggestions about the duration of the term in the Senate and the party system in this house. At least two witnesses, Professor Peter Russell and the Honourable Eugene Forsey have maintained that the term of appointment could be changed without amending the Constitution under a gentlemen's agreement applying to newly appointed senators. I may add that this would require changes in certain administrative matters such as seniority and the Senate's pension plan.

These reform proposals could be implemented in the long or short term, with the understanding that some are much more controversial and troublesome than others. The second stage for the changes which I have proposed would give rise to technical problems requiring medium-term solutions: These are the reform proposals which would require legislative or constitutional amendments to Clause 44 of the Constitution Act, 1982. Such changes could certainly prove more difficult to make, but it may be argued that they have generally greater range and significance than the immediate reforms which I have just suggested. They are the following: First, the elimination of the need to a land-owner.

Second, voluntary early retirement on a pension in line with that paid to retired members of the House of Commons.

Third, the appointment of the Speaker and other dignitaries by either the senators or caucusses.

Fourth, the denial process concerning the Rules and Statutes.

Fifth, the ratification of treaties.

I feel that the changes which I have just proposed as part of the first two stages of a progressive reform of the Senate, would greatly enhance the prestige of this House and its capacity to play a major role in the parliamentary process of this country.

This brings us to the third stage, that of the long term reforms for which we would need the support of at least seven provinces with at least 50 per cent of the total population of Canada. These reforms include the replacement of the absolute veto by a suspensive veto, as suggested in the report, the application of the double majority concept to linguistic and cultural issues, and an elected Senate.

Early in my remarks, I indicated that I was against the format of the report. As a matter of fact, I wish the emphasis had been put on the possible immediate reforms in the first two stages instead of raising the impossible issue of a short term election.

Indeed, provincial governments and Parliament would find it very difficult, if not downright impossible, to agree on the functions of this new Senate, on its powers, purpose, membership and activities. It seems impossible to me, at least for the time being, that this recommendation could receive enough support from the legislatures of Canada to be implemented. In my mind, it is doubtful that such a recommendation could generate a strong enough commitment from the political parties now represented in Parliament to expect that it could be implemented in the foreseeable future. Even if all these difficulties were overcome, the necessary legislative and constitutional procedures would still require several years. For these reasons, I recommended that the committee should put the emphasis on all the measures and reforms that could be proceeded with quickly in order to start some kind of reform.

After a few years of experimentation with such a reformed Senate, we will be in a better position to evaluate the benefits, the necessity and the feasibility of a constitutional reform.

I could mention several other arguments against the immediate implementation of the proposal for an elected Senate, as I did in previous speeches before this honourable chamber; however, I prefer to put the emphasis on the first two steps.

It may be desirable in the future to have an elected Senate in Canada, after having ironed out all the difficulties that such a move would entail. I am convinced that we should start immediately to reform our institution ourselves, by implementing some of the short-term recommendations which were put before the committee and which are advocated by several senators. Indeed, several senators who spoke before me in this debate have supported such a process in order to improve our image in the general public which expects the Senate to serve its interest as best we can.

One thing is sure; this is the twilight of the Senate in its present form and whatever changes are made, they will have strong impact not only on the Canadian parliamentary system but also on the very future of the political system and the well-being of all Canadians.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 10, 1984

The Senate met at 2.00 p.m., the Speaker in the Chair.

Prayers.

STANDING RULES AND ORDERS

FIRST REPORT OF STANDING COMMITTEE PRESENTED

Hon. Gildas L. Molgat, Chairman of the Standing Committee on Standing Rules and Orders, presented the following report:

Thursday, May 10, 1984

The Standing Committee on Standing Rules and Orders has the honour to present its

FIRST REPORT

Your Committee, pursuant to its Order of Reference of Tuesday, February 7, 1984, has considered the subject matter of the motion presented by Honourable Senator Herbert Sparrow. The motion reads as follows:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be empowered, without special reference by the Senate, to hear submissions from representatives of the agricultural, fisheries, forestry and related industries; and

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required to carry out its mandate.

Your Committee is of the view that the issue raised by the second part of the motion concerning the engagement of staff is a matter that should be scrutinized by the Standing Committee on Internal Economy, Budgets and Administration and by the Senate itself because of the inherent budgetary implications. Accordingly, your Committee expresses no views on that part of the motion.

During the deliberations of your Committee several members expressed concern over the precedent that could be set by the adoption of the first part of the motion. There may be costs imposed on the budget of the Senate if, pursuant to Rule 83, witnesses were reimbursed for their travelling and living expenses. Although this would not likely be a major problem in the case of a single committee, your Committee is of the view that other committees of the Senate would request similar authorizations.

While some reservations were felt about the implications of the motion, members of your Committee recognized the value in permitting the appearance of witnesses who may be available on short notice. This is particularly so in the case of individuals and organizations who have been invited to appear before a committee of the House of Commons and who wish to present their views to the Senate through one of its committees. It should certainly be considered to be in the interests of both the Senate and the citizenry that there be as few limitations on access as possible.

Your Committee is of the opinion that the best way to proceed at this experimental stage is by a motion having effect for the present session rather than by the adoption of change to the Rules of the Senate. This procedure has previously been used by the Senate to authorize its select committees to meet during an adjournment of the Senate that exceeds a week.

Your Committee therefore recommends that the Senate adopt the following motion:

That, for the duration of the present session, any select committee may, on its own initiative,

a) notwithstanding Rule 76(2), where the Senate adjourns for a week or less, and

b) pursuant to Rule 76(3), where the adjournment exceeds a week,

send for a person who is visiting the National Capital Region and hear and consider the evidence of that person on a matter that Rule 67 describes as being one that shall be referred to that committee.

Respectfully submitted,

GILDAS L. MOLGAT
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Molgat: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

COMMITTEE OF SELECTION

FIFTH REPORT PRESENTED

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

FIFTH REPORT

Pursuant to Rule 66(1)(b), your committee submits herewith the list of Senators nominated by it to serve on the Special Senate Committee on problems facing Canadian youth.

The Honourable Senators Cools, Gigantès, Hébert, Marsden, Stollery, Tremblay, Yuzyk.

Respectfully submitted,

WILLIAM J. PETTEN
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(f), I move that the report be adopted now.

[*Translation*]

Hon. Martial Asselin: Before this report is adopted, honourable senators, I would like to have some information and ask a question of Senator Petten.

Since this committee has been struck to find answers to the problems of young Canadians who have been left to fend for themselves ever since this government came to power, and since half a million of them are looking for jobs, will these young people have an idea of the findings of the committee and the answers to their problems by reading an interim report made available to them, say in September, so that they will know how to vote in the next general election? They will want to know whether answers have been found to some of their problems, and I think it would be fair that they know whether they should support the government or another political party. Come September, they ought to know whether certain formulas and certain answers to their problems have been found.

My question is this: Since it is urgent that this important committee be appointed, will it be able to produce an interim report by September 1?

[*English*]

Senator Petten: Honourable senators, the committee must sit first in order for it to make an interim report, or any report for that matter. If the motion is adopted now, the committee can hold an organization meeting and get to work.

Senator Asselin: I am not ready to give my consent to have the report adopted now. Before I do so, I wish to know if there will be a preliminary report or whether there will be a report after six months' time.

Senator Petten: Honourable senators, that is something for the committee to decide.

Senator Asselin: I am not ready to give my consent. I want to have this information before I give my consent.

Senator Petten: Honourable senators, if leave is not granted, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

WESTERN GRAIN STABILIZATION ACT

NOTICE OF ENQUIRY

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I give notice that on Tuesday next, May 15, 1984, I shall call the attention of the Senate to the important changes being proposed to the Western Grain Stabilization Act so as to make the said act more responsive to producers' needs.

• (1410)

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask the minister a question in connection with this statement? Apparently he proposes to make a statement in the Senate which, in effect, I suspect, will be similar to the second reading discussion of the amendments proposed to the Western Grain Stabilization Act. Is that linked in any way with the introduction of the bill covering this matter in the House of Commons?

Senator Argue: I believe that the motion, prior to the introduction of the bill, was moved in the other place yesterday. I thought the Senate might wish to have an explanation of the provisions of the bill, for the information and comment of honourable senators. If they do not wish me to proceed with the statement, I will certainly conform to the wishes of the Senate.

The bill will be introduced in the other place, of course, because its provisions entail the expenditure of public funds. Eventually the bill will reach the Senate, so I thought this might be a way for the Senate to be involved in the discussion of the provisions of that legislation during a normal sitting of the Senate. I understand that the Senate may not be sitting next week.

Senator Roblin: I have some reservations about the suggestion. This seems to be yet another way of the Senate's being seized of the matter before it comes to us in the normal course of events. It resembles—to some extent, at least—our pre-study procedure. I will not maintain my position to the point of refusing to listen to my honourable friend if he wishes to make a speech, but I give him my opinion that perhaps it might be better not to introduce some new device for discussing these bills that is different from our usual procedure. If he thought that a pre-study might be advisable, we might do that instead. I do not like the idea of introducing another method of anticipating regular discussion in the Senate.

Senator Argue: Honourable senators, I do not know whether or not this is "another method," but certainly the technique of presenting a motion of inquiry is an old technique that can be followed. Yesterday Senator Roblin asked me questions about the provisions of the bill, and, because of his great interest in the bill, I was led to believe that he was anxious to have

information. I thought this might be a tidy way of bringing forward that information. I am proposing the motion, which can be debated if senators consider it advisable.

ADJOURNMENT

Hon. Léopold Langlois, with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, May 22, 1984, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA DEVELOPMENT INVESTMENT CORPORATION

FINANCIAL STATEMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Social Development in connection with the recent statement issued by the Canada Development Investment Corporation in Vancouver on April 13 last, at which time I believe the corporation also made available its statements for last year. I would ask my honourable friend if he intends to give us a quarterly report for the first quarter of this year. He has been giving much encouragement to think that there will be what I think he calls "full and timely disclosure." When does the minister think the report for the first quarter of 1984 will be available?

Hon. Jack Austin (Minister of State for Social Development): I believe it was included with the annual report that was forwarded to you today. I shall have to make an inquiry but it is my information that the first quarter was reported on in mid-April. If the honourable senator does not have the documentation on the first quarter, I shall certainly see it is made available.

Senator Roblin: I shall make the same search as my honourable friend, because those documents were deposited on my desk this morning and I have not had a chance to look at them yet.

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

FINANCIAL STATUS

Hon. Duff Roblin (Deputy Leader of the Opposition): Perhaps the minister will give us some information about some of the observations made in the statement of April 13 with respect to de Havilland Aircraft. It says on page 3 of that report that a degree of market protection will be sought for de Havilland in order to make it possible for the company to continue in business. It says, for example, that there will be a net cost of some $200 million over the next ten years if certain conditions obtain. One of those conditions refers to market protection. What does that mean? Is it quotas or tariffs or licences? Is it to prevent other people from selling in our market to give de Havilland some protection within Canada? I presume that there is no protection that can be provided outside Canada. What is meant by that statement?

[Senator Argue.]

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I was not given notice by Senator Roblin of this line of questioning. I would ask him to either read that portion of the statement to which he is referring or I shall take the question as notice and respond after I have had a chance to consider it carefully.

Senator Roblin: I had anticipated that my honourable friend would have a copy of the statement with him because with his usual perspicacity I think he probably expected me to start talking about this matter sooner or later. But if he does not have the report here I admit that he is under some disadvantage when trying to answer, because I have three or four more questions that have to do with same report. Probably the most helpful thing I can do would be to ask my honourable friend to furnish himself with a copy, and the next time we meet I will pursue some of those questions.

I have some other points that are not as detailed as the one I just asked that, perhaps, he could shed some light on. The government has been saying that there will be a further loss of $200 million on the de Havilland program over the next ten years. That was indicated in the statement of April 13 and my honourable friend is, no doubt, familiar with it. A document was produced on April 19 which appears to be a study of de Havilland's future course and it gives some different figures. It states that there will be a loss of some $313 million by 1988, which is only four years away. Can my honourable friend offer any reconciliation on those two estimates?

Senator Austin: Honourable senators, the document of April 19 was prepared in the cabinet process by officials of CDIC and given to senior economic officials of the government for their discussion. As yet it has not been referred to me nor has it been the subject of a briefing to me by officials, so I cannot provide Senator Roblin with a response to his question at this time. However, in the hope of some small guidance, I will say that when I appeared before a press conference on, I believe, April 10, I said that de Havilland would incur costs of about $200 million over ten years as their operating costs on the cycle of the Dash-8 program, subject to several premises. As Senator Roblin is a business man, he will know that one of the variables is, of course, the cost of interest.

• (1420)

I made it clear to the press, and in fact there was a lively debate between Mr. Bell and myself as to how de Havilland would be financed by the Minister of Finance.

I am very eager for the Minister of Finance to provide financing for the Dash-8 program in the form of equity rather than asking de Havilland to carry a new load of debt on its books with respect to the Dash-8. That, however, remains unsettled. I am in the hands of my banker, the Minister of Finance.

As to the rest of your question, I will have to say that I will shortly consider the document of April 19 and will be in a position to respond within two or three weeks. I would be happy to give Senator Roblin notice that I am ready to respond so that he and I can arrange to be present for Question Period on the same day to continue with this line of questioning.

Senator Roblin: Would my honourable friend be kind enough to give me a copy of the document of April 19, because if he is going to examine it and make it the basis for some discussion, I think it is only right that that document be made public and made available to people such as myself.

Senator Austin: Senator Roblin is an experienced parliamentarian and knows that a document in the form of a draft memorandum to the cabinet is subject to the usual security provisions of the Privy Council Office. I am unable to make it available to him under the rules of the Privy Council Office.

Senator Roblin: I am sorry to hear that, because my impression is that it is not a cabinet document, but a working document prepared by officials of CDIC and, as such, perhaps could be considered to be in a different category.

What bothers me with all of these activities of the government is that we find the money is spent or, indeed, committed before any approbation is sought from Parliament. What I am trying to do by asking this series of questions—and we will continue this at a later date—is to have the government inform the Senate in advance as to what the monetary requirements are likely to be, because it frustrates the parliamentary purpose to find we have no alternative, as has been suggested to us before, but simply to agree with the decision of the government. In other words, there is no prior information as to the commitments; they are made and if the credit of the Government of Canada is to stand, there is nothing we can do but agree with that. That cannot be the right way to do business, and I ask my honourable friend to produce that document so that we may have a better idea of what is taking place. He has spoken eloquently about the need for full disclosure. Well, I agree with him and think that he should disclose this document.

I wish to make another reference to a quotation made by the president of CDIC, Mr. Joel Bell, to find out what is meant by it. Mr. Bell stated the other day, talking about de Havilland:

> We recognize it is not a viable long-term proposition for this company to be operated on the assumption of ongoing government assistance.

If that is not the assumption, can the minister tell us what the assumptions are?

Senator Austin: Thank you, Senator Roblin. The first question you raised was related to the production of the April 19 document. I have already explained to you that it was prepared for the purposes of cabinet consideration, and it was so noted. Therefore, I am unable to produce it because of the usual rules governing the Privy Council Office.

Your second question dealt with the matter of disclosure and accountability. Since the assumption of my responsibilities I have maintained that CDIC, Canadair, de Havilland and Eldorado must meet the same standards, or even superior standards, as those required of companies trading on the Toronto Stock Exchange and under the authority of the Ontario Securities Commission. That has been done since I took over responsibility for those crown corporations. Indeed, just today the CDIC issued its first annual report and separate annual reports for Canadair, de Havilland and Eldorado. Those reports are in the mail to honourable senators and members of the other place at this very moment. I am sure that Senator Roblin will want to consider the material before we continue to discuss de Havilland.

The concern which Senator Roblin has expressed about the fait accompli with respect to the financing of such programs as the Dash-8 is an appropriate concern, but I want to point out to honourable senators that I appeared before the Finance Committee of the other place on June 22, 1983 and made a disclosure at some length—which, I know, honourable senators think is my habit—with respect to de Havilland, and I laid out the parameters of the decision which the government would have to take with respect to the Dash-8. I think that I made the statement with patent clarity, and offered Michael Wilson, who was present at the committee hearing and was the representative of the official opposition on the de Havilland matter, the opportunity to consider the question on the basis of facts and to join in a non-partisan conclusion with respect to what should happen to de Havilland. I said that I would bring the report back without conclusion if the two opposition parties were agreeable to discussions on the basis of a non-partisan and trilateral conclusion. Mr. Wilson said that it was not the role of the opposition to behave in that fashion and that the government should take its responsibilities and make its recommendations. That is what has been done. I think that Senator Roblin knows—and I said it in this chamber in early April—that I intended to make such a statement in mid-April but, unfortunately, it was scooped by a story which appeared in the *Globe and Mail* on April 10, to which I responded in a press conference. That being said, I offered to Senator Doody, who is the Chairman of the Standing Senate Committee on National Finance, that I would appear before that committee at a time to be arranged, and in the week following I suggested a specific time. Senator Doody told me that he was unable to get a quorum for that particular time, so I suggested that when he was ready to meet with me I would be delighted to appear and respond to honourable senators' questions on the de Havilland issue.

Finally, with respect to Mr. Bell's statement, I must say that that statement certainly is one to which I also aspire. I would also like to see de Havilland placed on a commercial basis so that it is capable of operating in its programs and in its profit

centres without additional government financing for its ongoing programs. That would then mean that de Havilland was truly a commercially viable company and the government at that time would be in a position to direct CDIC to discharge its mandate to search for a private sector purchaser or joint venturer with the Government of Canada in de Havilland. As Senator Roblin will know, the de Havilland balance sheet is not in such a position that the federal government could responsibly seek any private investor support because, as yet, there is no demonstrable return on investment of private sector quality.

Senator Roblin: Going back to the question of disclosure in the past, I simply observe that up until the crisis point was reached and no further temporizing was possible, there was not a frank statement from anybody on the government side as to what we were getting into. One cannot really be blamed if one continues to inquire about the financial state of these organizations.

The main point I wanted my friend to comment on has to do with Mr. Bell's statement, because the minister has given us the motherhood line and I agree with him, and I hope that this sort of thing happens. I want to know what parameters we are dealing with here. Mr. Bell says that he recognizes that he cannot operate on the assumption of ongoing government assistance. According to the same statement, however, he is counting on it for another ten years, because that is the time element involved in the forecasts that are being made by the government. Is that correct? Are we going to sit for another ten years while Canadair, this company and perhaps others wallow in the financial mire, so to speak? What parameters have been given to Mr. Bell and what parameters has he given to these various operating companies? What are the parameters with respect to the time element and the dollar element? What are the limits to the government's toleration on these matters?

• (1430)

Senator Austin: Honourable senators, Senator Roblin has raised questions that are appropriate for discussion in committee. I would be pleased to deal with them in some detail there. I will say, however, that the question of reaching commercial viability is one in which I am delighted he concurs. We have been very clear throughout the term of our responsibility—and I throughout the term of my responsibility—for de Havilland that the company will not reach commercial viability in its current product lines. Mr. Bell is aspiring to the day when he will no longer be dependent on government financing for de Havilland. That day, however, does not lie in the near future.

In the first comment of his last interjection, Senator Roblin spoke about my not making clear the condition of the Dash-8 program of de Havilland. I would be delighted, therefore, to provide to him the full statement which I made in the Finance Committee of the other place and circulated to all honourable senators at the same time. This statement was made on June 22, 1983, and I will bring it to his attention.

Senator Roblin: Honourable senators, I remember that statement well and I remember equally well that it did not meet anybody's definition of "timely." It was bolting the door long after that horse had left. I think that is the gravamen of my charge with respect to disclosure. We just did not get a timely disclosure at all, and I think that my honourable friend, in his more candid moments, will agree that that is so.

I think that I would like to save for the committee the minister's explanation of the $155,000 bonuses that were handed out to employees of de Havilland. I would also like to save for the committee a discussion of the wage concessions which apparently will have to be expected from the other workers at de Havilland. I will also tell the minister that I would be interested in knowing whether the forecasts of a one-third reduction in staff—namely, 1,000 people—by 1988 are accurate. I put those questions on the record so that the minister can get an idea of what I am really after.

I have a certain sympathy for my honourable friend, however. I see, in the *Maclean's* magazine that hit my desk today that with respect to de Havilland the minister is quoted as saying, "Customers don't want to buy political aircraft." I wonder whether he has communicated that statement to the Honourable Don Johnston, who seems to have made the de Havilland issue a political one in terms of the Liberal leadership race. I also wonder whether the minister would give me his opinion of the statement made by Mr. John Turner to the effect that, while we have lost $2,264 million so far in these two enterprises, he estimates that we are going to double that and we will have lost $5 billion before we get through. I suppose I would like to ask my honourable friend whether he endorses that statement.

Senator Austin: Honourable senators, replying seriatim to Senator Roblin's various questions, the financial statements of de Havilland for the year-end December 31, 1983—which are, incidentally, the first statements issued by de Havilland since it became owned by the Government of Canada—showed that de Havilland's board of directors has paid a bonus of $155,000 to 12 key employees. That is an average of approximately $13,000 per employee. Under the commercial practices which are widespread in the manufacturing industry, a merit system is used which provides two levels of compensation. One is a base pay, and the other is a merit incentive bonus which is paid in various amounts and at various times under the direction of the board of directors. That system has been in place in de Havilland for many years and was inherited from the private-sector owners. The board of directors, in its discretion, made those awards for the business year ending May 31, 1983.

I should like to say to honourable senators that no further bonus payments have been made to employees of de Havilland nor are they intended to be made until there is a substantial turnaround in a favourable direction in the business circumstances of de Havilland. However, honourable senators should be reminded that for the period in which that bonus was paid, de Havilland was developing the Dash-8, and its financial performance as well as its marketing performance urgently required that the Dash-8 be delivered on time, on budget and according to specifications. The bonus was a decision of the board of directors of de Havilland to help achieve those

objectives. I can report to honourable senators that the Dash-8 has been delivered one month ahead of time, on budget and exceeding the specifications required in terms of its performance. That is the bonus story.

I would only add—and I believe most honourable senators will agree—that if de Havilland is to be successful, it must be managed by a board of directors with commercial experience, on commercial practices and with commercial objectives, and it is not appropriate, where that company is being operated according to the criteria set forth by the shareholder, that any minister responsible intervene in questions of management.

In his second question, Senator Roblin referred to a statement made by me, which apparently appears in *Maclean's*, and I tend to want to own it although I have not read the story. The statement was that customers of de Havilland do not want to buy political aircraft. I believe this goes to the heart of the turnaround for de Havilland and for Canadair. Our customers do not want to be called before parliamentary committees and questioned as to why they purchased one of our products, what the terms were, why they did not take some other product, what their internal financing arrangments might be, and so on. Our customers just want to buy commercial aircraft at a commercial price, and it is not serving the interests of the people of Canada, in the stewardship which the government holds in the commercial success of de Havilland or, indeed, of Canadair, that unnecessary political controversy should continue with respect to both of these companies.

Indeed, the *Globe and Mail* of Friday, May 4, carried a story attributed to Premier Davis of Ontario in which he is said to have cautioned the Ontario federal Conservative caucus not to injure de Havilland inasmuch as it is one of the leading industrial activities in the province of Ontario. I certainly hope that the Conservative caucus will take those remarks to heart.

Finally, I do not seek to pursue the political rabbits set on the Liberal leadership field by any of the Liberal candidates for the leadership of my party, so I respectfully decline to answer that part of Senator Roblin's question.

• (1440)

At another time I would be happy to deal with the merits of any issues that may arise on these questions but I decline to respond to questions where a position or an argument is attributed to a Liberal leadership candidate.

Senator Roblin: I would like to remind my honourable friend that this morning's paper gave information in connection with the extent of the Freedom of Information Act as it applies to people who do business with the government. Unless there are compelling reasons, these people will now be exposed to public scrutiny as to what that business connection is, and I am afraid my honourable friend will have to face that question with respect to the politicizing of these two aircraft companies.

With respect to the future, what the Conservative Party is requesting, as far as I understand the matter, is that there should be a full investigation and inquiry into the future of these two institutions. That is also the thrust of what I am attempting to get from the minister now. I think it would be highly desirable if this matter were clarified and put to rest. In that respect I am sure a Senate committee, with its impartiality, might be able to give my honourable friend some good advice.

However, I want to get back to the statements that are being made with respect to prospective losses of these two companies. Mr. Turner has furnished the information that the loss is liable to be $5 billion, which is double what the companies have lost so far. Surely that kind of statement cannot be allowed to go uncorrected, if it is wrong. If someone in the opposition made that statement, my honourable friend would consider it his duty to correct it, to tell that person he was wrong and give an idea of the right figure. The same reasoning applies to the present situation. I think the minister should exercise his responsibility and put the record straight if he disagrees with the figure that has been stated.

Senator Austin: On the question of freedom of information, which is a new question you are raising, Senator Roblin, I too saw the press account and I agree that it raises some very interesting questions of public policy for consideration by the government and by Parliament. In the same vein, I would like to refer to an article which appears in *Policy Options* for May, which is written by a Professor Roderick White, with whom I am not acquainted. This article is a real contribution to the examination of the question of the clash in accountability system, with respect to crown corporations, the first being their corporate accountability within the necessary environment of their commerciality, and the second being their accountability to Parliament in the manner in which Parliament seeks accountability. I certainly have experienced the disfunctioning of these two processes, and I will have copies of this article made and circulated to honourable senators in order that they can consider the conceptual difficulties to which Senator Roblin has alluded.

With respect to the request by the Leader of the Opposition in the other place for a full investigation and inquiry into these two companies, which Senator Roblin referred to a few moments ago without attribution, I want to be very clear that there has been full accountability and exposure of the financial and business circumstances of the affairs of Canadair and de Havilland. On a number of occasions I have met with committees in this and the other place and I am prepared to meet again with the National Finance Committee here and with the Finance Committee in the other place on matters related to de Havilland or to Canadair. I must reiterate that I have not been reluctant to do so; in fact, I have been delighted to be invited, because the more opportunity I have to inform Parliament regarding the circumstances of these companies and the commitment of the government to the aerospace industry and to the employees of these companies, as well as to the development of Canadian technology, the happier I am. However, I think it would be deleterious in the extreme to have a full political investigation and inquiry of these two companies, an inquiry that would undoubtedly continue for some period of time. The reason I say it would be deleterious is that our customers would close their interest in our order book.

Senator Roblin has referred to the article in *Macleans*. The principal point I was attempting to make in that article is that so long as these companies are the subject of these political inquiries, our customers simply do not want to buy, and anyone here can understand why. Therefore, we must have a conclusion of the political process relating to Canadair and de Havilland. We must be able to give our customers assurance that what they buy is a commerical product from a company with commerical viability, a company to which the shareholder has a commitment for the on-going life-cycle of the product they are purchasing. Those are the assurances I have tried to give to both the domestic and the international communities in the case of Canadair and of de Havilland. The result has been an increased interest in the products of both companies. An inquiry of a political nature would simply totally offset the marketing efforts of these two companies and, frankly, in my view, destroy the companies. Therefore I will resist that particular concept of yet another inquiry.

At the same time I assure honourable senators that I am prepared to appear before committees to answer with respect to the affairs of these two companies. I do ask, however, that in the interests of the commerical stewardship which the government has for the success of those companies, that the inquiries not be unnecessarily prolonged.

Senator Roblin: The problem, of course, is that the minister has not established confidence either in the marketplace for aeroplanes or the marketplace for ideas. He has not established confidence in the situation that these two companies face, and until that is done—and the sooner the better—they will find themselves unable to deal in the commerical market in the way in which they desire.

His own cabinet colleague, the Honourable Donald Johnston, and the putative next leader of the Liberal Party, Mr. John Turner—

Senator Austin: I am sorry, what was that word?

Senator Roblin: "Putative": *Puto*, meaning, "I think." Do you remember that one?

Senator Austin: Yes.

Senator Roblin: The ball is in their court these days; we are running around after them. They are the people who are politicizing this situation. Why? Because there is no confidence in this situation as it appears at the moment. If my honourable friend wishes to establish confidence, he cannot achieve it unless he does some of the things that his critics are asking him to do, not only in my party but elsewhere.

Senator Austin: Honourable senators, I must contribute a little more to this fascinating debate. Confidence, Senator Roblin, will be measured by the order book. Confidence is returning because we are working very aggressively in both companies with interested customers, and that is the real test of confidence in these products. Political views, whether expressed by the opposition or by candidates for the leadership of my party, must be understood in their particular context.

[Senator Austin.]

Senator Roblin: I get the picture: It is all right for them to criticize, but not for us.

Senator Austin: I have put them together. I am saying that I do not welcome the continuation of the political process as it affects these two companies, whether from the opposition or from others in my party. However, I have no desire to engage in direct dialogue in the leadership race which is now under way in my party, and I am sure Senator Roblin and all other senators will understand why that is so.

In any event, perhaps I can conclude by saying that Senator Roblin has raised questions of interest, and I will be happy to consider them and indicate a time when I would be ready to stand and reply further in this chamber. At that time we can continue our debate and, hopefully, reach a conclusion in the spirit I outlined a few moments ago with respect to the commercial interests of these companies. Alternatively, I would come one more time before the Standing Senate Committee on National Finance and we could have these questions and answers debated in that forum.

• (1450)

Senator Roblin: Bring Mr. Turner with you, because when he wins the leadership you will have to change your tune.

Senator Austin: Senator Roblin, I hope you will take Premier Davis' injunction with respect to de Havilland quite seriously. He certainly knows that this debate continues at great commercial cost to Ontario.

Senator Roblin: He can tell Mr. Turner about that, too.

[*Translation*]

CORPORATE SHAREHOLDING LIMITATION

POSSIBLE REINTRODUCTION OF LEGISLATION

Hon. Martial Asselin: My question is directed to the Leader of the Government in the Senate. Last week, to their surprise, Quebecers heard Mr. Turner, one of the candidates for the Liberal Party leadership, say in Quebec City that if he became Leader of the Liberal Party and at the same time Prime Minister, he would reformulate a new Bill S-31 that would be tabled in Parliament. We already knew that, a week before, Mr. Turner had agreed to maintain his directorship of Canadian Pacific.

We were also aware that Mr. Burbidge, the President of the company, testified before the Senate Committee, stating quite openly that on behalf of Canadian Pacific he had asked the Prime Minister to introduce a Bill that would block investments by the Caisse de dépôt du Québec, under Bill S-31.

Since many people in Quebec realize that Mr. Turner has a conflict of interest when he says that sort of thing while he is still a Director of Canadian Pacific, do the authorities in charge of the Liberal Party convention intend to ask Mr. Turner to at least have the decency to resign his directorship with Canadian Pacific?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, the request in the honourable senator's question is

completely out of order, as he knows better than I. I suppose he can ask the question if he so wishes. However, the honourable senator knows that members of the government are required to give a reply with respect to matters of government policy only. Mr. Turner is not a member of the government. Therefore, Mr. Turner can say whatever he chooses to say for whatever reasons he may have.

The other part of the honourable senator's question is not applicable in any way, shape or form in terms of the usual rules which apply to Question Period.

[*Translation*]

Senator Asselin: I realize the question is an embarrassing one for the Leader of the Government in the Senate and for cabinet members.

Has cabinet considered this question, since Mr. Turner wants to become Leader of the Liberal Party and Prime Minister of Canada? Did cabinet at least consider the possibility of advising him to resign his directorship with Canadian Pacific, before speaking out on reformulating Bill S-31?

[*English*]

Senator Olson: Honourable senators, it is crystal clear to me that it is not embarrassing at all. Mr. Turner is not a member of the cabinet and that is clear.

Senator Asselin: He is a member of your party; he is running for the leadership of it—he wants to get the job!

Senator Olson: We do not have a conflict. I feel that the usual rules and precedents, which the honourable senator well knows, must be applied to Question Period. I know he understands this far better than he is letting on at the moment.

[*Translation*]

Senator Asselin: Is the Leader of the Government, with Mr. Turner, in favour of reformulating a new version of Bill S-31, to be introduced at the next session of Parliament?

[*English*]

Senator Olson: Honourable senators, that is another question. There is a very important difference which the honourable senator has just brought up now in his question. He is now asking whether or not the government is in favour of a reintroduction in some similar or different form. I would refer that question to the minister responsible.

With respect to whether or not ministers in the government agree with press speculation, I would suggest that the honourable senator research the citations wherein he will find that a minister is not required, is not expected and, indeed, is prohibited from answering press speculation.

[*Translation*]

Senator Asselin: I have another question. I do not suppose it will come as a surprise to the Leader of the Government, but I can say that not only Mr. Turner but also Mr. Chrétien, and other ministers who are seeking the leadership of the Liberal Party and who are also members of cabinet, have made statements similar to the one made by the Liberal Government, namely, that they intend to revive Bill S-31. Am I right or not?

[*English*]

Senator Olson: Of course, all of them take responsibility for their statements.

[*Translation*]

OLYMPIC GAMES

SOVIET UNION BOYCOTT

Hon. Martial Asselin: In another area, we were most disappointed to learn that the USSR would not attend the Los Angeles Games. All of a sudden we saw the Honourable Mr. Olivier seemingly offering his services as mediator between the Russians and the Americans.

That has not been looked at seriously by all. Was the matter discussed? Is it true that Mr. Olivier wants to act as a mediator between the Russians and the Americans, and if so, how does he plan to go about it?

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will have to make an inquiry of the Minister of State for Fitness and Amateur Sport with respect to that question. I am unaware that he was made an offer or, indeed, whether an offer has been accepted by him.

[*Translation*]

Senator Asselin: Could the Leader of the Government also direct the question to the Secretary of State for External Affairs since, in my opinion, he and his department are the ones who would be in a position to contact the Soviet and the American authorities to try and settle the conflict, not Mr. Olivier, the Minister of State responsible for Fitness and Amateur Sport? This cannot be serious!

[*English*]

Senator Olson: I will look at the honourable senator's second suggestion as well.

THE SENATE

MR. PIERRE DULUDE—EXPRESSION OF APPRECIATION FOR SERVICE

Hon. Gildas L. Molgat: Honourable senators, as of today we will be losing the services of Pierre Dulude, one of our pages, who has been with us for a number of years. I would like to take this opportunity to remind honourable senators of his very valuable service to us.

Hon. Senators: Hear, hear.

The Senate adjourned until Tuesday, May 22, 1984, at 8 p.m.

THE SENATE

Tuesday, May 22, 1984

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

Prayers.

THE SENATE

ABSENCE OF THE LEADER OF THE GOVERNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, the Leader of the Government in the Senate, Senator Olson, is detained in the west on family business and will not be here tonight and he may not be here for the rest of the week. Senator Argue is here. I have no information with respect to Senator Austin.

[*Translation*]

OFFICIAL LANGUAGES POLICY AND PROGRAMS

STANDING JOINT COMMITTEE—QUORUM—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Wednesday, May 16, 1984

Ordered—That the quorum of the Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented; and

That a message be sent to the Senate requesting that that House do unite with this House for the above purpose.

ATTEST

C. B. KOESTER
The Clerk of the House of Commons

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

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move that the message be taken into consideration later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

SECRETARY OF STATE VOTE 10a REFERRED TO STANDING JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Thursday, May 17, 1984

Ordered—That the Secretary of State Vote 10a for the fiscal year ending March 31, 1985, be referred to the Standing Joint Committee on Official Languages Policy and Programs;

And that a Message be sent to the Senate to acquaint Their Honours of the aforementioned reference to the said Standing Joint Committee.

ATTEST

C. B. KOESTER
The Clerk of the House of Commons

COASTAL FISHERIES PROTECTION 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-4, to amend the Coastal Fisheries Protection Act.

Bill read first time.

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

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

PRAIRIE GRAIN ADVANCE PAYMENTS 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-23, to amend the Prairie Grain Advance Payments Act.

Bill read first time.

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

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move:

That this bill be placed on the Orders of the Day for second reading later today.

Motion agreed to.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF STANDING JOINT COMMITTEE

Hon. John M. Godfrey: Honourable senators, I have the honour to present the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.

I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report see Appendix "A", p. 571*)

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

Senator Godfrey: Honourable senators, I move that the report be taken into consideration on May 30 next.

Motion agreed to.

THE GOVERNOR GENERAL

ADDRESSES AT INSTALLATION

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Flynn, P.C.:

That the Address of the Prime Minister of Canada, the Right Honourable Pierre Elliott Trudeau, P.C., at the Installation of the Right Honourable Jeanne Sauvé, P.C., as Governor General of Canada on May 14, 1984, together with the reply of Her Excellency the Governor General thereto, 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 form part of the permanent records of this House.

Motion agreed to.

(*For text of addresses see Appendix "B", p. 573*)

• (2010)

THE ESTIMATES 1984-85

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on National Finance be authorized to examine the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending 31st March, 1985, with the exception of the expenditures pertaining to the Official Languages Program.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, there are two points for elaboration. First, honourable senators may or may not have noticed that, when documents were tabled earlier this evening, supplementary estimates (A) were included. It has been our practice for many years to refer those supplementary estimates immediately to the Standing Senate Committee on National Finance. Secondly, there is an exception on this occasion. The estimates that are contained in supplementary estimates (A) that refer to the Secretary of State, particularly to the Official Languages Program, were referred in the other place to the Joint Committee on Official Languages Policy and Programs. Therefore, to conform with that reference, I will move in a moment that the supplementary estimates (A) which deal with that particular item be referred to the Standing Joint Committee on Official Languages Policy and Programs.

Motion agreed to.

[*Translation*]

SUPPLEMENTARY ESTIMATES (A)—EXPENDITURES OF OFFICIAL LANGUAGES PROGRAM REFERRED TO STANDING JOINT COMMITTEE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Joint Committee on Official Languages Policy and Programs be authorized to examine the expenditures pertaining to the Official Languages Program set out in the Supplementary Estimates (A), laid before Parliament for the fiscal year ending March 31, 1985; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

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

Hon. Senators: Agreed.

Hon. Fernand E. Leblanc: Honourable senators, concerning the reference to the Standing Joint Committee on Official Languages Policy and Programs, this is a part of the Estimates that the Committee on National Finance will not be examining. I was therefore wondering whether we should incorporate the report of the Standing Joint Committee on Official Languages in ours, or whether it will submit its own report and the Committee on National Finance will be examining all other problems relating to Supplementary Estimates (A).

I find it difficult to accept this dual referral. I thought it was customary to have all referrals made to the Committee on National Finance. I am, however, prepared to accept this motion if honourable senators feel it is more appropriate to proceed in this fashion.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, in my experience this is the first time we have made arrangements to divide responsibility when making referrals on expenditures. Perhaps other, more experienced senators may wish to comment, but in any case, this is what was done in the other place, and perhaps we could experiment and leave it up to the two Speakers to decide how we should proceed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this was done previously with the Estimates for Veterans Affairs which were referred to a special committee.

Senator Frith: So there is a precedent. In my experience, an exception was made first of all with respect to the expenditures of the Department of the Secretary of State, but I believe the two co-chairmen of these committees, Senator Murray and Senator Doody, can make the necessary arrangements for submitting the reports and thus remove Senator Leblanc's cause for concern.

Senator Flynn: Honourable senators, the motion does not authorize the Committee on National Finance to consider that part of the Estimates. So there is no problem there.

Senator Frith: Senator Flynn is right. It is not the first time an exception of this kind has been made.

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

Hon. Senators: Agreed.

[*English*]

Hon. William C. Doody: Honourable senators, I can only assume from the references that we have heard that the Standing Senate Committee on National Finance can study the matters that have been referred to it. Since that committee has not had referred to it matters that are under the jurisdiction of Senator Murray, those matters are not the business of the Standing Senate Committee on National Finance as of this moment. If, later on, the Senate decides to subdivide jurisdiction in this area, then so be it. Our committee simply studies those matters which are referred to it.

Hon. John M. Godfrey: Honourable senators, surely the over-riding consideration is not whether there is a precedent for this. If it makes eminently good sense, we should adopt it.

Senator Frith: That is a very worthwhile ideal, in any case.

Motion agreed to.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

STANDING JOINT COMMITTEE—QUORUM

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Senate do unite with the House of Commons for the following purpose:
>
> That the quorum of the Standing Joint Committee of the Senate and of the House of Commons on Official Languages Policy and Programs be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented; and
>
> That a Message be sent to the House of Commons to inform that House accordingly.

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

Hon. John. M. Godfrey: Honourable senators, before we agree on this, I would like to ask why the quorum is set at six in the case of this committee. For all Senate committees the quorum is four. In the case of the Joint Committee on Regulations and other Statutory Instruments the quorum is also four. Why do we need six for this particular committee?

Senator Frith: Honourable senators, I shall ask Senator Murray, the seconder of the motion and the joint chairman of the Joint Committee on Offical Languages Policy and Programs, to make any comments he wishes on that matter. As far as I am aware, the decision was made by that committee. I have no higher or more idealistic justification for it than that.

● (2020)

Hon. Lowell Murray: Honourable senators, I have no responsibility in this matter except as seconder of Senator Frith's motion. I was the co-chairman of the special joint committee, as honourable senators know. As to the chairmanship of the new standing committee, it remains to be seen what honourable senators and members of the House of Commons will decide tomorrow at the organizational meeting of the committee.

The quorum of six follows from the requirement that there must be representatives of both houses, and also of the government and the opposition. It is probably for that reason that the President of the Privy Council decided to suggest that the quorum should be somewhat larger than is normally the case.

Hon. Daniel Riley: Honourable senators, would it be in order for the joint chairmen of the committee—

Senator Murray: There is no chairman.

Senator Riley: There is no chairman yet? Then I will ask the Deputy Leader of the Government when are we going to have a meeting of this joint committee, even for organizational purposes? So far, all that I have received are several notices followed the next day by a cancellation. Is there some reason for that?

Senator Frith: Honourable senators, according to present plans, the meeting will take place at 3.30 p.m. tomorrow.

Senator Godfrey: Is it true that the President of the Privy Council decides what the quorum should be for joint committees?

Hon. Jacques Flynn (Leader of the Opposition): He decides many other things, more serious than that.

Senator Murray: The motion would have been made in the other place on the initiative of the President of the Privy Council. I presume that the quorum of six, allowing for representation of both houses, and of the government and the opposition, was to ensure that the government would have a majority.

Senator Riley: Will the Deputy Leader of the Government confirm that the meeting will take place tomorrow? Is it confirmed?

Senator Frith: My information is that it has been confirmed.

Senator Riley: Why do we have to ask the Deputy Leader of the Government when there is no notice?

[*Translation*]

Hon. Fernand E. Leblanc: Honourable Senators, I wonder how estimates can be referred to a joint committee which has not even been struck. That is where I have problems—

Senator Flynn: It is too late.

Senator Leblanc: It has not even been struck!

Senator Frith: It has already been decided.

Motion agreed to.

STANDING JOINT COMMITTEE AUTHORIZED TO SIT DURING SITTINGS AND ADJOURNMENTS OF THE SENATE

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the Standing Joint Committee on Official Languages Policy and Programs have power to sit during sittings and adjournments of the Senate; and
>
> That a message be sent to the House of Commons to acquaint that House accordingly.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

OLYMPIC GAMES

SOVIET UNION BOYCOTT

Hon. Martial Asselin: Honourable senators, I should like to direct my question to the Acting Leader of the Government. Before we adjourned for a few days, I had asked the Leader of the Government in the Senate to enquire from Hon. Jacques Olivier, the Minister of State for Fitness and Amateur Sport, about his offer to act as a mediator between the United States and the U.S.S.R. concerning the participation of Soviet athletes in the Summer Olympic Games which will take place in Los Angeles.

The Leader of the Government in the Senate had taken note of my question, indicating that he would reply to me at a later date. Is the Acting Leader or one of his assistants in a position to report progress concerning Mr. Jacques Olivier's possible mediation.

Hon. Royce Frith (Acting Leader of the Government): No and no!

[*English*]

CANADA POST CORPORATION

MAIL DELIVERY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Gigantès on March 15, 1984 concerning mail delivery by the Canada Post Corporation.

Canada Post handles approximately 25 million pieces of mail every day. It is therefore inevitable that some delays might occur, especially with letters not bearing a postal code.

However, one of the corporation's priorities consists of improving its service, and tests show that on-time delivery performance on letter mail is up significantly from 74 per cent in 1981 to a plateau of around 90 per cent in recent months.

I can only add that I was pleased to receive two letters mailed in Toronto last week with only two days' delay.

ENGAGEMENT IN COMMERCIAL UNDERTAKING

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Guay on March 15, 1984 concerning commercial ventures by the Canada Post Corporation. It consists of five or six paragraphs, and I would be pleased to read it, or may I have it taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

The three main objectives Parliament assigned to Canada Post Corporation are:

—improvement of postal service;

—harmonization of labour relations;

—financial self-sufficiency.

The Canada Post Corporation Act directs the corporation to become financially independent. But even more significantly, it repeatedly reminds the corporation of its responsibility to keep abreast of changing times and provide products and services adapted to the needs of the Canadian people.

The assigned mission is, and I quote: ". . . to operate a postal service for the collection, transmission and delivery of messages, information, funds and goods . . ." and does not restrict the corporation to static, anachronistic methods. There can be no doubt that these services are expected to evolve to meet the changing needs of Canadian mail users.

The services being tested with Consumers Distributing and its customers are nothing more than "mail order" being brought into the 21st century. Consumers Distributing recognized that the Post Office has always been a major advertising medium and has always processed direct mail orders, handled cash and delivered parcels. By streamlining some procedures, Canada Post was able to tailor a range of services to meet the needs of Consumers Distributing while at the same time gaining some new revenues.

Contrary to the honourable senator's claims, Canada Post Corporation has not entered the retailing business. It does not buy, own or store merchandise, nor does it sell, warranty or install. In short, it does none of the things retailers normally do. It handles paper, funds and parcels, activities associated with the postal service for over two hundred years. To infer that Canada Post is now a retailer is to charge the banks with being in the telephone business because they process phone bills.

In closing, honourable senators, I simply wish to stress that if Canada Post Corporation does not pursue such opportunities, diminishing traditional mail volumes will force it to reduce its number of outlets and employment levels, which would have a serious negative impact on the economy of many small communities.

Canada Post would like to continue to serve the interests of the general public. To do so, however, it must grow with the times and change to meet its customers' needs. This is what the Consumers Distributing experiment is all about.

BRITISH COLUMBIA

NORTHEAST COAL DEVELOPMENT—GOVERNMENT ASSISTANCE

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Muir on April 17, 1984 concerning British Columbia's northeast coal development and government assistance thereto. Because of the length of the reply, I ask that it be taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

How much public money has been expended to assist the northeast coal project both directly and indirectly insofar as roads, railways and ports are concerned?

In general terms, the overall project has an estimated cost of $2.8 billion, with generally half being provided by the private sector and half by the public sector. The public funds are approximately half provincial and half federal. It is important to note, however, that a significant portion of the public expenditures is being undertaken by Crown corporations with expected rates of return.

More particularly, the expenditures are as follows:

PRIVATE	
—2 mining companies, by the end of 1985	$1.2 billion
—private sources, for town site by 1986	$190 million
—tug boats	$12 million
PUBLIC	
—BC Rail, over the next four years	$550 million
—CNR, attributable to northeast coal	$380 million
—Ports Canada, terminal infrastructure	$50 million
—BC/Federal Government, access road	$9 million
—Ridley Terminals Inc., 90 per cent owned by Ports Canada, for coal terminal construction	$250 million
—BC, for highways	$92 million
—BC Hydro	$33 million
—BC, for Tumbler Ridge town site	$14 million
—Federal Government, for police station	$1 million
—Federal Government, CMHC loans for town projects	$40 million

How much employment is related to the Quintette development?

In the construction phase, the overall project has been estimated to generate 10,000-11,000 man-years of direct employment so far, and is expected to require a further 2,000- 3,000 man-years by 1985. A recent study by Marvin Schaeffer of the Canada West Association has estimated that the construction industry employment multiplier is 3.6 making the total employment of the overall project Canada-wide approximately 47,000 man-years.

In the operation phase, at full capacity, the Quintette project is expected to employ 1,500 persons and the Bullmoose project 490 persons; BC Rail will generate 50 direct new jobs, CNR will generate 95 new jobs; RTI is expected to employ 95 persons at full capacity. Overall the project is expected to employ approximately 2,230 directly and, using the 2.3 employment multiplier for the

coal industry, the total new employment Canada-wide is estimated to be 5,100.

How much foreign exchange does Canada expect to realize annually from the sales of Quintette coal?

It is expected that by 1985 both the Quintette and Bullmoose mines will ship a total of 6.6 million tonnes per year of metallurgical coal which is currently selling at $95-$100 per tonne to net approximately $650 million in foreign exchange annually.

Sales of thermal coal, which are expected to be 1.3 million tonnes by 1986 and which currently sells at $50-$60 per tonne, should net a further $75 million in foreign exchange annually.

Enumerate any guarantees that Canada has received from the Japanese concerning minimum quantities and price in connection with coal purchases.

There were no formal legal guarantees to any Canadian governments, the guarantees were to the coal producers.

Would either minister indicate whether it is the government's view that these guarantees will be sufficient to keep the Quintette development in operation over the long term?

Despite the current softness of coal markets worldwide, the government is confident that the coal project will ultimately be profitable.

Hon. Henry D. Hicks: What was the gross amount?

Senator Frith: The gross amount is $2.8 billion. It is important to note, however, that a significant portion of the public expenditures is being undertaken by crown corporations with expected rates of return. All that information is contained in the answer and I expect that Senator Hicks and Senator Murray will be very interested in that detail.

Hon. Robert Muir: As will Senator Muir.

Senator Frith: Did I say Senator Murray? Of course Senator Muir will also be interested in reading that detail.

CORPORATE SHAREHOLDING LIMITATION

POSSIBLE RE-INTRODUCTION OF LEGISLATION

Hon. Royce Frith (Acting Leader of the Government): I have one further delayed answer. It is to a question asked by Senator Asselin on May 10, 1984 concerning the possible re-introduction of Bill S-31 during the next session of Parliament.

Hon. Martial Asselin: I was referring to Mr. Turner.

Senator Frith: I cannot answer for Mr. Turner; I can only answer for the government.

Honourable senators, the Minister of Consumer and Corporate Affairs has stated that it is not the government's intention to bring such a measure back before Parliament.

Senator Asselin: Can you answer for Mr. Chrétien and the other aspiring leaders?

Senator Frith: I can only answer for the government, and I have done so.

THE HONOURABLE CHARLES McELMAN

FELICITATIONS ON AWARD OF HONORARY DOCTORATE

The Hon. the Speaker: Honourable senators, I should like to draw to your attention the fact that last week one of our colleagues, the Honourable Charles McElman, was awarded an Honorary Doctorate degree from the University of St. Thomas in New Brunswick.

Hon. Senators: Hear, hear.

• (2030)

THE STANLEY CUP

FELICITATIONS TO EDMONTON OILERS

Hon. Earl A. Hastings: Honourable senators, before orders of the day are called, I am sure you will allow me a moment to draw your attention to a very significant, important event which transpired in western Canada, in Alberta, in the city of Edmonton last Saturday night when the Edmonton Oilers returned to Canada the Stanley Cup.

Hon. Senators: Hear, hear!

Senator Hastings: Not only did they bring the Stanley Cup back to Canada but, for the first time, they brought it to western Canada. I am sure all honourable senators would wish me to extend congratulations and best wishes to the management and players of the Edmonton Oilers.

Hon. Raymond J. Perrault: I join in the universal commendation of the Edmonton Oilers Hockey Team for winning the Stanley Cup. However, I would like to point out that the Vancouver Millionaires won the National Hockey League Stanley Cup in 1918, and we shall win it again.

An Hon. Senator: You have had a long drought.

THE HONOURABLE JACK MARSHALL

INQUIRY AS TO INJURY

Hon. Joseph-Phillipe Guay: Honourable senators, I would like to ask the Deputy Leader if he could enlighten us as to what happened to Senator Marshall today.

Hon. Duff Roblin (Deputy Leader of the Opposition): What happened to Senator Marshall?

Hon. Jacques Flynn (Leader of the Opposition): What did happen?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Senator Marshall has not provided me with any answers, delayed or otherwise, that I could bring forward to the Senate on his behalf.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT

BILL C-205, TO CHANGE THE NAME OF THE ELECTORAL DISTRICT OF HULL—THIRD READING

Hon. Fernand E. Leblanc moved the third reading of Bill C-205, to change the name of the electoral district of Hull.

Motion agreed to and bill read third time and passed, on division.

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

On the order:

> Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Lapointe, P.C., for the second reading of the Bill C-12, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977".—(*Honourable Senator Kelly*).

Hon. William M. Kelly: Honourable senators, I am pleased to have the opportunity to speak to Bill C-12. I might explain briefly why I am speaking to Bill C-12. As you know, this is only the second time I have spoken in this chamber in the year and a quarter I have been here. I mentioned during my maiden speech over a year ago how intimidating I found this chamber, but I felt that time would change that. I might say it has not, but in the intervening period I have had a new intimidation in the person of my leader, who indicated that I was to speak on Bill C-12! So I had a choice—which did I fear more? Obviously, I feared my leader more than the chamber.

Hon. Royce Frith (Acting Leader of the Government): Which leader, Senator Flynn or Mr. Davis?

Hon. Nathan Nurgitz: Fight fair.

Senator Kelly: I have but one leader.

Before I was appointed to the Senate I often wondered why most legislators in Canada were lawyers. I must confess that as an engineer I was somewhat irritated by the circumstance. However, in doing my research on Bill C-12 and on other bills such as Bill C-9, Bill C-24 and Bill C-25, I have come to understand that the complexity of the bill, to me at least, is daunting indeed. If one is not an expert in federal-provincial fiscal arrangements, which I am not, one would almost need a legal background in order to wade through and comprehend this bill. For example, I would like to refer to clause 5, which amends section 19(2), which should be the recipient of some kind of dubious award for circumlocution. I would like to quote from it:

> (2) The entitlement in respect of the post-secondary education financing program applicable to a province for a fiscal year that begins after March 31, 1983 is the amount, as determined by the Minister, equal to the product obtained by multiplying
>
> (a) the quotient obtained by dividing
>
> (i) the federal contribution payable for that established program to all the provinces for the fiscal year beginning on April 1, 1975
>
> by
>
> (ii) the population of all the provinces for that fiscal year
>
> by
>
> (b) the product obtained by multiplying the population of the province for that fiscal year by the escalator determined pursuant to subsection 22(3) for each fiscal year in the period commencing on April 1, 1976 and ending on March 31 of that fiscal year.

Hon. Royce Frith (Acting Leader of the Government): So far that is clear.

Senator Kelly: I was informed by officials of the Department of Finance that in statutes relating to federal-provincial arrangements absolute precision is of great importance in order to avoid misunderstandings later on. In being absolutely precise, the technicians, I am sure, are satisfied, but I suspect that everyone else is thoroughly confused. Certainly I am. For that reason I admire and am grateful for Senator Hicks' lucid explanation of the main points of Bill C-12.

Hon. Jacques Flynn (Leader of the Opposition): Did he explain that clause in particular?

Senator Kelly: I read and reread that clause.

This evening I would like to focus on what I consider to be three significant and substantive issues raised by Bill C-12. In my opinion, the first two reflect the role of the Senate as the chamber of sober, second thought, and the third the role of the Senate as the guardian or preserver of regional or provincial rights and concerns.

Although the bill has been improved upon since first reading in the other place, I am still concerned that the method of funding it contemplates makes it difficult for parliamentarians to exercise their fiduciary duties in approving the expenditure of public money. I was gratified, once again, that Senator Hicks alluded to this in his remarks in moving reading.

The second issue is that Bill C-12, by reducing the cash transfers to post-secondary education is, in my opinion, wrong-headed. Means must be found to channel more, and not less, funding for post- secondary education.

The third issue is that Bill C-12 was conceived and prepared with woefully insufficient federal-provincial consultation and agreement.

Returning to the first point, Bill C-12 relates to the mechanics by which the federal government transfers funds to the provinces. As you know, honourable senators, education and health care—the two matters covered by Bill C-12—fall within provincial jurisdiction. Health care has already been the subject of considerable attention and debate during the consideration of Bill C-3, the Canada Health Care Act. Tonight I should like to concentrate on post-secondary education.

The federal government's involvement in post-secondary education began after World War II and continued in the aftermath of the Korean War in order to assist veterans of the Canadian Armed Forces in gaining access to and obtaining post-secondary education.

Federal involvement continued in order to help assure equal access of Canadians to post-secondary education of a universally high standard. Until 1977, the federal government's assistance to post-secondary education was funded through a system of conditional cost-sharing arrangements. This system of cost-sharing arrangements allowed the federal Parliament to scrutinize and control the expenditure of public money for which it was responsible. After 1977, largely at the urging of the provinces, we moved to a system of unconditional block grants that were, in effect, trusts. The provinces no longer needed to submit information about their expenditures to the federal government. I, for one, do not question the integrity of the provinces. I also note that the Economic Council of Canada in its study "Financing Confederation Today and Tomorrow" found that, and I quote:

> —Provinces have not taken undue advantage of the increased flexibility of established programs financing to reduce their spending on health, higher education and related programs.

Having said that, I still wonder how parliamentarians can exercise full fiduciary duty to the taxpayers of Canada by approving block-funding arrangements which provide no information on how the funding is used by another level of government. This was addressed by Senator Hicks when he pointed out that perhaps the addition of clause 9 to Bill C-12 took care of that objection. However, as the honourable senator also noted, Bill C-12 and clause 9 are effective for only two financial years. What happens in 1985-86? Will the rules then change again? Is post-secondary education to be left to whim? How in the world can the provinces engage in long-term planning under those circumstances? As you are aware, honourable senators, we are discussing more than dollars and accountability for these moneys; we are talking about one of the most valuable and significant investments a country can make—education of its youth.

• (2040)

Since graduation from university some time ago, I have maintained an involvement and interest in post-secondary education. I served for a time as Chairman of the Board of Governors of Ryerson Polytechnic, which I consider to be a fine college in my city of Toronto. My second point of concern with respect to C-12 springs from this interest. To sum it up in a sentence, I repeat, we must find ways to channel more—not less—funding to post-secondary education.

In Canada we now have 1.5 million unemployed, which constitutes a $50 billion loss to the economy each year. Some 540,000 of these unemployed are young Canadians—in their prime and unemployed. During the great depression we often heard of the lost generation. These 540,000 unemployed young people constitute our lost generation. Some 55,000 of these young unemployed Canadians—more than 10 per cent of all unemployed youth—are found in my resident city of Toronto. For a large portion of these unemployed, enthusiasm is all they have to offer. They desperately need training to upgrade their skills. Others suffer from poor skill fits—the economy is unable to absorb the skills they have; or, even worse, the evolution of the economy has rendered many of their skills obsolete.

If we are to believe the economists and commentators such as John Naisbitt in *Mega trends,* the situation could well get worse before getting better. Our new information/high technology economy demands immediate and continuous retraining if Canada is to remain internationally competitive and if it is to obtain a high and stable level of employment. Yet, while major structural adjustments are occurring in the economy, according to the Canadian Association of University Teachers and the Association of Universities and Colleges in Canada, our post-secondary institutions are approaching a state of crisis.

In Ontario, I am aware that the government has been forced by restraints to cut back expenditures on post-secondary education and to limit enrolment. Therefore, I am somewhat alarmed by the federal government's decision, through Bill C-12, to tie its block funding of post-secondary education to its six-and-five program. I believe that post-secondary education is so vital to our economic recovery and growth that it must be exempted from the six-and-five program. We must find ways of channelling more—not less—funding to post-secondary education.

Perhaps because of the chronic deficit position of most of our governments we will have to look elsewhere for contributions. I understand that roughly 73 per cent of education costs in Canada are borne by governments. Perhaps we should be looking at ways to restructure our tax system to attract capital from private individuals and corporations to our post-secondary institutions.

The private sector, better than any, recognizes that it needs the skills and the discoveries produced in our post-secondary institutions. It should be able to contribute financially to Canada's greatest investment program—post-secondary education. I want to stress, however, that government support must, and will, be an integral element of total support.

My third point is an objection to the unilateral method by which the federal government prepared Bill C-12. This bill may well represent the lowest point in federal-provincial relations and, in my opinion, demands the attention of this chamber.

I know that in Ontario Bill C-12 is viewed as a full and final repudiation by the federal government of a major federal-provincial agreement reached only seven years ago. The Ontario treasurer sees Bill C-12 as only one link in a chain of federal retrenchment.

In the early 1970s the federal government imposed a 15 per cent growth limit on its post-secondary education contributions. In 1972, provinces had to absorb significant losses associated with the termination of the revenue guarantee.

Through Bill C-12 the federal government is introducing—no, imposing once again—arbitrary ceilings and ending long-term financial certainty to the provinces. Through Bill C-12 it unilaterally—and I stress the word "unilaterally"—changes the funding arrangements for health care and post-secondary education which have been in place since 1977. What does this do to long range, sound fiscal planning? Again, I look to my home province of Ontario as one example. Ontario will have to accommodate up to $43 million in lost revenue in 1983-84 and $92 million in 1984-85.

In their April, 1983 statement provincial treasurers argued that the proportions imposed by Bill C-12 have little relevance to actual expenditures today. Bill C-12 splits established programs funding on the basis of spending ratios in 1975-76. I believe that is the gist of clause 5 as it amends section 19(2). Bill C-12 arbitrarily assigns about two-thirds to health and one-third to post-secondary education.

It should come as no surprise that the aggregate provincial spending pattern has changed greatly since 1975. Today, about three-quarters of the total spending under this funding occurs in health and one-quarter in post-secondary education. All of this has occurred with no meaningful dialogue between the federal and provincial governments—no compromises and no assurances.

Honourable senators, the Secretary of State has informed provinces that he is not prepared to guarantee a continuation of unconditional funding beyond next year. Thus, virtually everything is being left up in the air as far as the provinces and the post-secondary education community are concerned. This greatly undermines the ability to plan for the long term and leaves both provinces and universities under the threat of even more federal cuts in the future. Moreover, if Bill C-12 signals structural changes in the way Ottawa funds post-secondary education, starting in 1985, then, potentially, we will have on our hands a serious federal-provincial confrontation over jurisdictional responsibility. Such is the uncertainty that this bill creates.

We must look more closely at Bill C-12, honourable senators. I would feel far more comfortable with Bill C-12 if program design extended further in time to provide better opportunities for long range planning on the part of the provinces; and, if Bill C-12 contemplated additional funding by governments but opened the way for private sector contributions to post-secondary education. Finally, I would feel better if Bill C-12 had resulted from truly effective federal-provincial consultation and was supported—not opposed—by the provinces.

In conclusion, honourable senators, I believe that Bill C-12 provides this chamber with an interesting opportunity for those of us here to display the view we have of ourselves insofar as our responsibilities are concerned. The Senate has been viewed from time to time, among other things, as a chamber of sober, second thought. Having observed votes in this chamber for over a year now, I am persuaded that the government side is committed as a group, by and large, to support, without alteration, government bills which arrive here from the other place. So much for sober, second thinking as far as the government side of the Senate is concerned!

However, there is another role which has been much discussed, particularly recently, that is, the role of senators as representatives of their regions. Having listened to many speakers from both sides of this chamber during discussions on Senate reform, I am persuaded there is considerable support on the part of the majority of senators for this role—the role of regional representation. Therefore, insofar as Bill C-12 is concerned, I suggest that this chamber has an opportunity to demonstrate its commitment to regional representation.

To my knowledge there is not a single province which supports Bill C-12 in its present form. There is not a single province that feels there was sufficient consultation by the federal government with the provinces. In my view at least, there is not one among us who can, in conscience, do other than vote against Bill C-12, returning it to the other place for further study and for more meaningful consultation with provincial administrations.

Hon. Senators: Hear, hear.

Hon. L. Norbert Thériault: Honourable senators, I would like to put a question to Senator Kelly. I have listened with great attention to his speech and I appreciate his comments very much. How would the honourable senator react to a suggestion of a return to the 50-50 formula which was in place prior to 1977?

Senator Kelly: Honourable senators, before I consider what my answer to the honourable senator's question would be, I would like to see that question asked at a meaningful discussion between the federal and provincial levels of government. I do not think that what I particularly believe with respect to that point is nearly as significant as it is to have the provinces given an opportunity to view that as an option if, indeed, it is.

● (2050)

Senator Thériault: I understand the honourable senator's position, which is that he does not want to take a position. However, on the question of regional representation—which I would prefer to call provincial representation—does he feel that our role as the Senate, a second chamber, is to defend, protect and advance the role of provincial governments or not?

Hon. Martial Asselin: Sure.

Hon. Royce Frith (Acting Leader of the Government): Not provinces; governments.

Senator Thériault: Honourable senators, I have posed my question to Senator Kelly, but it appears that Senator Asselin wishes to discuss the matter.

Senator Asselin: You may want to adjourn the debate.

Senator Thériault: If Senator Asselin wants to make a speech, I shall certainly listen.

Senator Asselin: No, I do not want to make a speech.

Senator Thériault: Why does Senator Asselin not listen to his colleague?

Senator Kelly: Honourable senators, I believe I am being asked for my particular view. When I refer to the commitment to regional representation, I am describing what I sense to be the consensus here, that that is a legitimate and logical role for the Senate.

My personal view is that, frankly, I am attracted to the chamber of sober, second thought where there are no clear ties to a particular region or to a particular political point of view. There is an honest effort to give our best judgment, as individuals, on the problems of the day and come through with whatever consensus we can arrive at here and not vote as a block one or a block two, or, by the same token, carry a message from province one or province two.

The consensus seems to be in the direction of convincing the people at large that this is and should be a chamber of regional representatives.

Hon. John M. Godfrey: If the honourable senator were to accept a question from me, I would draw his attention to my motion on the Order Paper, which has been there for two years. Senator Kelly suggests that this should be sent back to the House of Commons. My motion states:

> That whenever a bill or the subject-matter of a bill is being considered by the Committee of the Senate in which in the opinion of such Committee, a province or provinces have a special interest, then as a general policy, the government of such province or provinces where in the opinion of the Committee it is practicable to do so, shall be asked by the Committee as to whether or not they wish to make written and/or verbal representations to the Committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

Does Senator Kelly not believe that to be a reasonable procedure, that is, that rather than sending this bill back to the House of Commons it be referred to a committee and then the provinces can appear before the committee? The committee can then suggest proper amendments to the bill after hearing what the provinces have to say. Would this not be better than just dumping the bill back to the House of Commons? I would like the honourable senator's comments as to why he would not follow this procedure.

Senator Kelly: Honourable senators, I do not deny that that is a reasonable option. However, I do not know how that replaces meaningful and in-depth discussions between the government at the federal level and the various provincial governments. If I understand the honourable senator correctly, if the provinces feel that they still have something they want to raise, they should raise it before a Senate committee.

Senator Godfrey: In other words, if they should be denied reasonable discussion with the government, then, as a last resort, they could come to a Senate committee. When the provinces have been spurned by the government, we would listen to them and then make recommendations based upon that discussion.

Hon. Jacques Flynn (Leader of the Opposition): When have we done that?

Senator Asselin: Change the Senate!

Senator Kelly: My concern, honourable senators, is about the make-up under the circumstances I perceive here. I hope I am wrong but if, as I described earlier, the commitment of the government side is to see to it that bills get through intact, then I am not sure that a Senate committee, dominated by members of that government side, would guarantee the kind of hearing to which I feel the provinces are entitled.

Senator Godfrey: Honourable senators, I have been here somewhat longer than Senator Kelly, and I have found that committees of this house meet 95 per cent of the time in a non-partisan fashion.

Senator Flynn: Oh, oh.

Senator Godfrey: Perhaps Senator Flynn only attends committees when he wants to be partisan and, therefore, he does not understand this. I think we do operate effectively in a non-partisan way. One of the most non-partisan members of a committee is, for example, Senator Nurgitz. He and I usually agree about everything. I do not see where Senator Kelly gets the impression that our committees are partisan.

Hon. Duff Roblin (Deputy Leader of the Opposition): When did we last amend a government bill in committee?

Senator Godfrey: The last time that I recall was when Mr. Kaplan very strongly resisted the "gating" bill.

Senator Flynn: That was not a regional matter.

Senator Godfrey: Although he opposed our recommendations at the outset, in the end he accepted what we said, which was simply this: You do not have to amend it; you can discuss it in committee and convince the government that you are going to oppose it. Insist on an amendment and bring in the amendment yourselves. That is what happened.

On motion of Senator Tremblay, debate adjourned.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) moved the second reading of Bill C-23, to amend the Prairie Grain Advance Payments Act.

He said: Honourable senators, I am pleased to move second reading of Bill C-23 which, in essence, is designed to double the amount of money that can be obtained by producers under the Prairie Grain Advance Payments Act. I might say that this bill was dealt with in the House of Commons on Friday last in a very expeditious manner, all three parties not only supporting the bill but effecting its passage in almost record time. Therefore, the fact that it received unanimous approval or support by all parties in the House of Commons is recognition that it is a most welcome bill.

This legislation is now more than 25 years old and plays a very important role in the operation of the grain economy in western Canada. Sometimes people are asked the question: Why is there a need for cash advances when grain export sales

have been breaking all previous records and when there have been tremendous movements of grain to export? The fact is, farmers will always be short of money in the fall because, even if our system is working at full efficiency, that, in itself, means the delivery and movement of grain will be spread over a 10- or 12-month period. It is impossible for farmers to sell all their grain, or even a large percentage of their grain, in the first month or two after the grain has been harvested. Therefore, for a period of time, farmers are long on grain and short on money. This program has been devised to allow farmers to receive some advances on the moneys that they will receive as they deliver their grain.

We have had in effect for some time now a maximum of $15,000, and it is felt by everyone that this amount should be increased. The cash advance works in the following way. After the grain producer in the prairies has harvested the grain, he or she can take the permit book to the local elevator manager and apply for a cash advance. The amount of the cash advance had been set out before that time by regulation. The farmer applying for the cash advance takes an oath that he has a certain quantity of grain on hand that he is prepared to market to the Canadian Wheat Board as soon as a quota becomes available. Therefore, as long as the farmer has the amount of grain that is set out in his affidavit and application form, and as long as he delivers that grain as the quotas become available, then his cash advance is discharged. If, for whatever reason, the farmer fails to deliver that grain, then he or she will fall into arrears.

● (2100)

I want to point out that, historically, the losses entailed by the government in this system due to non-payment of cash advances are in the order of one-tenth of one per cent. That is a great tribute to the ability and integrity of the prairie farmers and to a reasonable use of the system.

Honourable senators, even though this interest-free money is available to every producer who has a permit book, only 25 per cent of the farmers go to the elevator and avail themselves of the cash advances. Even when times are rough, only about 25 per cent do so. That seems rather odd. Why would they not all march into town and get this interest-free money? Well, I can tell honourable senators why, and I can give the reasons from experience.

A farmer will get the interest-free cash advance, and boy, he is really happy to have a wad of money for 24 or 48 hours. He can then go around to pay his bills, or whatever part of his bills that the cash advance will cover. Then, when the quota comes, lo and behold, he gets almost nothing by way of a cheque. He has spent all his money at once. I suppose that we appreciate receiving a cheque once a month or once every two weeks because it helps us to manage our business. If we were to receive on one day all of the money we had made over an entire year, some of us might have difficulties balancing our budgets. I suppose that that is part of the reason why only 25 per cent of the farmers avail themselves of these cash advances.

[Senator Argue.]

In any event, honourable senators, the cash advance is very important, not only to the producer who receives it, but also to the merchants of the local town—the fertilizer dealer, the farm implement dealer, the fuel merchant, the storekeeper and everyone else who has been helping to finance the farmer's operation by providing credit, during the summer, based on a cash advance that will be forthcoming.

Honourable senators, the question I had to ask myself was: By how much should the cash advance be increased? In the view of some people, it should have been doubled from $15,000 to $30,000. Others said that the cash advance should go as high as $50,000. My own attitude is that we should have in place a cash advance system that is at a level which takes care of the requirements based on the rule of the great majority of producers. Let us not, however, go so high as to cause the taxpayers of Canada to put up money to support a kind of elite in terms of the producers. I did not, therefore, go so far as some had requested. My recommendation was to double the amount of the cash advance. My colleagues agreed.

In reading the debate that went on in the House of Commons, I was very pleased by the fact that, unless I missed it, there was no criticism of the legislation based on the maximum ceiling that is set out. Nobody suggested that it should be higher.

Today, only 50 per cent of the grain producers of western Canada have sufficient acreage to qualify for the $15,000 maximum that is now in place. Only 19 per cent of the producers will have enough acreage and enough grain to reach the maximum to which they will be entitled under this legislation, namely, $30,000. That is because the vast majority of grain producers in western Canada is made up of the rather small or medium-sized farmer. There is a small percentage—one, two, three, four, or five, depending on the mathematics used to estimate it—of large producers. In my view, the $30,000 maximum is adequate at this time.

There is another provision of the bill that has been agreed to in the other place. I think it is a very good provision. If the government in the future decides that producers should have a higher cash advance, it will no longer be necessary to go before Parliament with a separate bill to bring that about. There is a provision whereby the increase can be included in an appropriations bill. This is a much simpler mechanism by which to make such a change, but it will enable honourable senators and members of the House of Commons to retain the authority to decide, in a legislative way, whether or not, at a given time, the amount of the cash advances should be increased.

The maximum limit specified in the Prairie Grain Advance Payments Act for cash advances to individuals is currently $15,000. Corporations, partnerships or co-operatives involving two shareholders, partners or members can qualify for up to $30,000 and those involving three shareholders, partners or members can qualify for up to $45,000. These limits have been applicable since the legislation was last amended in 1975. Bill C-23 will amend the Prairie Grain Advance Payments Act to increase these maximum limits to $30,000 for individuals, to

$60,000 for multi-farm units having two participants, and to $90,000 where there are three or more participants.

Emergency advance payments may be invoked pursuant to the Prairie Grain Advance Payments Act for drying tough or damp grain, and the advance in that case is $1,500. This emergency provision would apply to a producer who, because of weather conditions, has been so unfortunate as not to be able to harvest his crop in the fall. As we used to say in the House of Commons, such grain was "under the snow." That is a rough way of saying it is unthreshed grain, and it could be unthreshed in the year in which it was seeded. This bill provides, for grain under the snow, a cash advance of $7,500. Under the present legislation, the $1,500 payment for drying tough grain is being doubled to $3,000, while the $7,500 payment for unthreshed grain is being doubled to $15,000.

There is a provision in the existing act that where a husband and wife have a joint permit book—whether the land be jointly owned or partially owned by either spouse—there is a ceiling on that permit book which confines the amount of the cash advance to that which a single permit book holder would receive. That provision is being removed, and, I think, wisely so. It not only recognizes that a woman in the business world should have rights equal to those of a man, which is a fundamental recognition, but it also recognizes that women are taking an ever larger role in the operation of grain farms in western Canada. I think that that is most welcome.

Honourable senators, these are the main features of the legislation that I am proposing tonight. Basically, this legislation will increase the cash flow. Producers, when they have been really strapped for funds, have obtained as much as $300 million in cash advances. Doubling the amount of the cash advances will not mean that, on the basis of past assumptions, that amount will increase to $600 million. As I have explained, the amount does not just automatically double but responds to the need to recognize that costs have gone up and that a larger cash flow must be provided to the producers of western Canada.

• (2110)

Some time ago, I announced the new initial prices for this year. Spring wheat and durum were reduced; feed barley and feed oats were increased, in relation to a year ago. Nonetheless, the net effect has been a moderate reduction in initial payments. I am fully convinced, with the knowledge I have of the operation of the Canadian Wheat Board, that there will be final payments on all of these commodities much in excess of the drop in the initial price. Therefore, at the worst, it is a postponement of income. With regard to spring wheat, it is a postponement of some 28 cents a bushel. For a farmer who has the grain, an additional $15,000 cash advance is equal to that reduction on 53,000 bushels of wheat. Perhaps that is not a comparison that would stand a logical examination. In any event, the farmer is postponing or forgoing a cash flow of 28 cents a bushel. Based on the difference between the 11 or 12 per cent that the Wheat Board gets when it invests that 28 cents in its own account and the 15 or whatever per cent that the farmer in debt must pay, it is, in the final analysis, a net cost of less than two cents a bushel.

I am very pleased that the House of Commons has scheduled for debate on Friday of this week amendments to the Western Grain Stabilization Act. In my opinion, that is one of the most imaginative and far-reaching amendments to have been proposed to any particular piece of legislation. It is the estimate of the authorities that if the market conditions and cost conditions do not improve or worsen, the western producers will receive payments in excess of $1 billion within the next three years. It is their money, in the sense that they have contributed to it; the government has also made its contribution. It is something that is coming to the producers. I feel that the government has made and is making a very adequate response to the needs of those producers.

This legislation in itself, coupled with the other action that has been taken in the grain business this year, in many ways is a response to the needs of the producers of western Canada. In each of the years that I have been the minister responsible for the Wheat Board, we have broken, by way of export, every previous record. It is not yet certain whether this year will again be a record-breaking year. Our total export of all of these grains will either be just a little more or a little less than last year. However, I will stick my neck out and be confident that, in this crop year, we will once again break every preceding record by having the greatest exports of these grains in the history of Canada.

While international prices are not as high as they should be, I was delighted to read that the Wheat Board asking price today is somewhat higher than it was a year ago. My greatest concern is that we get some rain on the prairies which will ensure production out there, because I think there will be a market for large quantities of grain at current prices. This legislation will help the grain producers, and I recommend it to my colleagues.

Hon. Henry D. Hicks: May I ask a question of the honourable minister? I would like to be certain that I understood him when he said that the treatment of a spouse is exactly the same as the treatment of an enterprise with two persons.

Senator Argue: Yes, that is exactly right.

Senator Hicks: In other words, a husband and wife in a joint enterprise would be treated as two persons, and the maximum of $30,000 plus $30,000, that is to say, a total of $60,000 would apply?

Senator Argue: Yes, that is right. This legislation will correct an anomaly or penalty that existed in the previous legislation.

On motion of Senator Bielish, debate adjourned.

COMMITTEE OF SELECTION

FIFTH REPORT ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Committee of Selection, which was presented on 10th May, 1984.

Hon. William J. Petten: Honourable senators, I move, seconded by the Honourable Senator Cottreau, the adoption of this report.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would Senator Petten refresh our memory as to the content of the report?

Senator Petten: That report contained a list of senators nominated by the Committee of Selection to serve on the Special Senate Committee on problems facing Canadian Youth.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2.00 p.m.

APPENDIX "A"

(*See p. 559*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF STANDING JOINT COMMITTEE

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

FIFTH REPORT
(Statutory Instruments No. 24)

In accordance with its permanent reference, Section 26 of the *Statutory Instruments Act,* S.C. 1970-71-72, c. 38, your Joint Committee has determined to draw to the special attention of both Houses the *Quebec Wood Order,* 1983, registered as SOR/83-713.

Your Joint Committee reports that, in its judgment, the making of this Order is not authorized by Section 2 of the *Agricultural Products Marketing Act,* R.S.C. 1970, c. A-7. While your Committee's conclusion was first reached in respect of various Orders [1] which have now been replaced by the Order under Report, it applies with equal force to the latter.

Section 2(1) of the enabling Statute is as follows:

> "2. (1) The Governor in Council may by order grant authority to any board or agency authorized under the law of any province to exercise powers of regulation in relation to the marketing of any agricultural product locally within the province, to regulate the marketing of such agricultural product in inter-provincial and export trade and for such purposes to exercise all or any powers like the powers exercisable by such board or agency in relation to the marketing of such agricultural product locally within the province."

The provincial *Farm Products Marketing Act,* R.S.Q. c. M-35, makes provision for the regulation of the marketing of wood products in the Province of Quebec. The purpose of the Order under Report is to grant to the provincial marketing boards concerned powers to regulate the marketing of wood in inter-provincial and export trade similar to those they already exercise in relation to intro-provincial trade. Pursuant to Section 2 of the *Agricultural Products Marketing Act,* however, the Governor in Council may only delegate such marketing powers to a provincial board in relation to an *agricultural product* and your Committee has taken the position that wood cannot be regarded as a product of agriculture.

Your Committee has considered the various definitions of "agriculture", "agricultural", "agricultural product", "farming operation" and "farming products" in the Shorter Oxford English Dictionary, Jowitt's Dictionary of English Law and Black's Law Dictionary. None of these definitions supports the view that wood or wood products are agricultural products. Your Committee has also taken note of the definitions of "agricultural product" in the *Canada Agricultural Products Standards Act,* R.S.C. 1970, c. A-8, the *Agricultural Products Board Act,* R.S.C. 1970, c. A-5, and the *Agricultural Products Cooperative Marketing Act,* R.S.C. 1970, c. A-6; that of "agricultural commodity" in the *Agricultural Stabilization Act,* R.S.C. 1970, c. A-9; and finally, those of "farming" and "farm" in the *Farm Credit Act,* R.S.C. 1970, c. F-2, the *Farm Improvement Loans Act,* R.S.C. 1970, c. F-3, and the *Farm Syndicates Credit Act,* R.S.C. 1970, c. F-4. In none of these federal enactments are forestry products expressly treated as products of agriculture.

In *Re Saskatchewan Co-operative Elevator Co.,* (1927) 4 D.L.R. 804, Bigelow J. adopted the following definition of "agriculture":

> "The science and art of cultivating the soil; including the allied pursuits of gathering in the crops and rearing live stock; tillage, husbandry, farming".

Using this definition, the Saskatchewan Court of Appeal, in *Re Penner and Town of Lumsden,* (1980) 101 D.L.R. (3d) 115, held that the operation of a greenhouse as a principal use was not an "agricultural" use for zoning purposes. In *Re Walker and Township of Uxbridge,* (1981) 118 D.L.R. (3d) 690, the application before the Court was for an order declaring that a parcel of land described as a "tree farm" be valued for assessment purposes as "farm lands used only for farm purposes" pursuant to Section 27(3) of the *Ontario Assessment Act,* R.S.O. 1970, c. 32. While Boland J. agreed that trees grown for timber are a crop, she decided that the word "farming" "cannot extend to a tree farm growing timber which will require decades to mature". This decision was upheld by the Ontario Divisional Court [(1984) 150 D.L.R. (3d) 767].

On the basis of the foregoing dictionary definitions, of the definitions which appear in other federal Statutes, many of which are *in pari materia,* and in light of relevant judicial decisions, your Committee is satisfied that the ordinary grammatical meaning of the expression "agricultural product" does not include wood and wood products and that, consequently,

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[1] C.R.C. c. 261, *Eastern Townships Wood Order;* C.R.C. c. 262, *Gatineau Wood Order;* C.R.C. c. 263, *Pontiac Wood Order;* C.R.C. c. 264, *Quebec-South Wood Order;* and SOR/81-347, *Quebec Wood Order.*

the Governor in Council does not have the power, pursuant to Section 2 of the *Agricultural Products Marketing Act* to grant to provincial marketing boards authority to regulate the interprovincial and export trade in wood. Your Committee suggests that an extended definition of "agricultural product" that would include wood be added to the Act.

Informed of your Committee's position in this matter, the Minister of Agriculture replied that he was prepared to consider the advisability of amending the Act in the manner suggested by your Committee. In a letter dated October 12, 1983, the Joint Chairmen and Vice-Chairman of the Committee conveyed to the Minister the Committee's belief that "consideration of such an amendment should be a matter of high priority and the necessary amendment made in the course of this Parliament." In his reply, the Minister reiterated his previous assurance but indicated his intention to delay the introduction of such an amendment until the need for other amendments to the Act had been evaluated. Your Committee is glad of the Government's intention to seek proper legislative authority for the making of orders such as that under Report, but believes the introduction of the necessary amendment should not be made to wait on a general revision of the Act.

In making this report, your Committee's purpose is to impress upon the Government the need for speedy legislative action. In this connection, your Committee feels free to suggest that the necessary legislation might conveniently be introduced in the Senate. In our view, the number of legislative proposals that are regularly introduced in the House of Commons makes it eminently practical to introduce in the Upper Chamber minor legislative amendments of a technical nature that are non-controversial and do not involve the expenditure of public monies. The amendment to the *Canada Agricultural Products Marketing Act* which your Committee has recommended meets these criteria.

Therefore, your Committee recommends that the Government give consideration to the advisability of introducing the necessary legislation in the Senate without delay.

Respectfully submitted,

JOHN M. GODFREY
Joint Chairman

APPENDIX "B"

(*See p. 559*)

THE GOVERNOR GENERAL

ADDRESS BY THE PRIME MINISTER, THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU, P.C., AT THE INSTALLATION OF THE RIGHT HONOURABLE JEANNE SAUVÉ, P.C. THE SENATE CHAMBER, MONDAY, MAY 14, 1984

[*Translation*]

Your Excellency:

(or should I say "Madame", the title the French have used to address their Sovereign?)

It is a privilege and a great pleasure for me to offer you the best wishes of the Government, Parliament, and all the people of Canada on the occasion of your installation as Governor General. As your first official gesture, I would ask you to send Her Majesty, the Queen of Canada, a message assuring her of our loyalty and affection.

[*English*]

After being represented in Canada by men for such a long time, it is right and proper that Her Majesty should finally have a woman representative here. And I am happy and proud to participate in this momentous event, the installation of our first woman Governor General.

We are gathered today to celebrate a remarkable person but also a welcome evolution of our society. In fact, for this historic event to take place the natural candidate for the position had to be available at the appropriate time.

The time is appropriate, because our modern society is increasingly aware that women's qualities of mind and heart are every bit as valuable as men's, and that we need their fresh approach and commitment to peace and mutual support in order to establish a more humane society in Canada and throughout the world.

The time is appropriate especially because, for some years now, outstanding women have been challenging and conquering old taboos. With skill and determination, they have won access to the highest positions in the land. By freeing themselves from the restrictions that circumscribed their situation, they have inspired us to shake off our old prejudices and practices.

I am thinking here of pioneers like Emily Murphy, Nellie McClung, Louise McKinney, Irene Parlby, Henrietta Muir Edwards, Thérèse Casgrain, and many others who waged an uncertain battle at difficult times in our history.

I am thinking, too, of Pauline Vanier, Norah Michener, Gabrielle Léger and Lily Schreyer, who have a special place in the hearts of Canadians because their strength and unselfishness have left their stamp on their husbands' tenures as Governors General.

Lastly, I am thinking of all those women who have opened the doors of our highest institutions to their colleagues, women like Agnes MacPhail, who in 1921 became the first woman elected to the House of Commons; Cairine Wilson, the first woman to be called to the Senate, in 1930; then in 1957, Ellen Fairclough, the first woman to serve in the federal Cabinet; Réjane Laberge-Colas, the first woman to serve on a supreme court, appointed in 1969; Muriel Ferguson, who in 1972 became the first woman to serve as Speaker of the Senate; Sylvia Ostry, who in the same year was the first woman appointed to a deputy minister's position in the federal public service; Pauline McGibbon, in 1974 appointed the country's first woman lieutenant-governor; Constance Glube, the first woman to become Chief Justice of a Supreme Court, in 1982; and Bertha Wilson, who also in 1982 became the first woman justice of the Supreme Court of Canada.

As the first woman to occupy the chair of Speaker of the House of Commons, in 1980, and to become Governor General of Canada, 1984, you stand in the line of these pioneers. During your remarkable career, you have accumulated probably more "firsts" than any other Canadian woman.

However, it is not merely to add to your record, nor because you are a woman, that the office of Governor General befalls you today. You have been chosen because, in the opinion of all, you are the ideal candidate for the position.

[*Translation*]

The role of Governor General is essentially one of rallying Canadians around the ideals that form the basis of our will to live together . . . and who among Canadians could do it better than you, Madame?

First of all, you represent all the richness and diversity of this country. You were born in Saskatchewan and raised in Ontario, right here in Ottawa. After completing your studies in France and Great Britain, our two mother countries, you pursued a career in Montreal in French and English television, with both the CBC and the private sector. Later, you travelled the country from one end to the other as a federal Cabinet Minister. And, as if that were not enough, as Speaker of the House of Commons you were called upon to preside over some of the most fundamental debates in the history of Canada, at the time of the referendum and the patriation of our Constitution.

This long familiarity with Canada has given you a great love for it, a love that, more than anything else, you wish others to

share. No one can hear you speak of Canada without being struck by your deep sincerity. Moreover, the warmth of your personality embodies to perfection the ideals of open-mindedness and tolerance, the spirit of sharing and brotherhood, that the Fathers of Confederation dreamed of realizing in this land.

These, then, are the reasons underlying your elevation to the position of Governor General of Canada. All Canadians trust in your talents to strengthen the country's unity and to embody, with grace and nobility, that ideal out of which the Canadian federation was born and which continues to inspire it. I am sure they will not be disappointed.

I wish to thank your husband and your son for agreeing to share you with us. I hope they will enjoy helping you carry out your duties.

On behalf of all Canadians, I wish you happiness and good health.

Henri Rochefort said that France had thirty-six million subjects, not counting the subjects of discontent. Give or take a few figures, the statement also applies to Canada.

Madame, may you find the words to persuade us that, for 25 million Canadians committed to live together, there is no subject of discontent that we cannot resolve in our efforts to build this country with honour, justice and respect for our diversity.

May God keep you and inspire you.

REPLY OF HER EXCELLENCY THE GOVERNOR GENERAL TO THE ADDRESS OF THE PRIME MINISTER

[*Translation*]

Prime Minister,

In accepting the high office of Governor General of Canada, I will be honoured to convey to Her Majesty, Queen Elizabeth II, who has kindly agreed to my nomination, the message which you have entrusted to me, and with it, the assurance of the respect and affection of all Canadians.

I have been deeply touched by your words, Prime Minister. They have illustrated and emphasized your attachment to fundamental values and the importance which you place on the defence of rights and the assurance of equality. They are a testimony to the progress you have always sought to promote and preserve and to your love of this country. I also wish to thank you for having so sincerely and persuasively expressed your ideas on the significant contribution of Canadian women to the life and progress of our society.

[*English*]

In responding to that trust which you have conferred upon me, I follow in the footsteps of the multitude of women who, for 450 years, have served as the inspiration, and to a large degree, the artisans of this nation; those women by whose hands we have prospered and for whose spirit we have been praised. In the days and weeks ahead I will commit my efforts to the promotion of those ideals of unity, brotherhood and peace. Even then, my determination and commitment are but a small fraction and reflection of the many gestures of good will and affection I have received, and to all I am profoundly grateful.

We live in a vast land of plenty which has never been laid waste by natural or political catastrophe. Though we have our problems, they are not as tragic as those faced by people who live in destitution, by the hundreds of millions of human beings pushed to the brink of despair. We go where we like without anyone challenging our right to do so, we say what we like without anyone imposing a totalitarian philosophy or system upon us. Each person is free to follow their own star, hold whatever beliefs they choose, express their ideas and opinions without fear; goods move freely, and each individual can share in them. We are not immune to human suffering, but in Canada it is not as deep-rooted and pervasive as the heart-rending misery elsewhere in the world. Although we have to work hard, we do so in safety, and we have never been denied the right to hope.

[*Translation*]

It is for this reason that, from the smallest family unit to the largest gathering of our national community, we must forge a common purpose that will reinforce good will, bring together all our energies and proclaim the values we have inherited. These values are a reflection, first, of the achievements of our history, of the infinitely varied traditions preserved by our ethnic groups; in a more dynamic way, they are reflected in the long-standing effort by our nation to move along the path of modernization toward a humanism which will add to the common heritage so patiently and painstakingly built up over the years.

We have inherited a vast territory with well-established institutions, boundless resources and material wealth acquired at great sacrifice by those who have gone before, and it is our duty to fashion new tools for new hands; to go beyond our immediate horizons in search of a broader perspective; to scale new and as yet unimagined heights; and to move more quickly and surely toward the ultimate goal of expanding the potential of both the individual and the community. We must build in Canada a life to which people are not merely resigned but in which they will wish to participate fully.

[*English*]

Who are we and what do we wish to become? The answer is obvious. Despite our varied ethnic and racial origins we are Canadians determined to carry on the building of a great nation. We must go beyond even this ambition and aspire to set an example for the world by a deep involvement in global reconstruction, a reconstruction whose final objective is peace.

Peace is the ultimate goal from which we cannot digress as long as the world is inhabited by starving, mistreated people who are victims of the selfishness, indifference and cruelty of others. Peace should be our rallying cry, our foremost cause, and the most compelling objective of our common action.

Our commitment to peace must govern our state of mind and determine our aproach to life and to work. This cannot be achieved in a nation of polarized thought and divided action. The desire for unity is, beyond doubt, the factor which inspires people to come together to create a truly human community.

In this spirit, we are fond of describing Canada as one big family. But what do we mean by family; a socio-political and cultural reality, an economic situation, a political status. All of these, of course, and also, I would hope, a common purpose to shape together the destiny of every member of the community. This can only be realized if we go beyond our border and reach out to other nations to share with them the benefits of our efforts and research.

History and geography have determined where and how we live. We are aware how the challenges and obstacles they have provided have influenced our attitudes and our behaviour. What have we achieved through our efforts? I believe that after more than three centuries, our national character is beginning to take shape. All that remains is a final delineation of the traits by which other nations identify us. As Canadians in North America, historically and culturally linked to our countries of origin, we have won the right to determine our own future and to play a role on the international scene.

[*Translation*]

Should not our role be to return to fundamental values, to adapt to new ways of life, to review the basis of our private and public code of ethics and to utilize for the benefit of all the marvelous products of new technology. In approaching the new frontiers made possible by modern technology we must ensure that man does not become servant to the machine, but rather its master.

This, it seems to me, is a spiritual goal that can transcend mere insular nationalism and inspire us with the ideal of making the human adventure meaningful and filled with enthusiasm and hope. If Valéry was right when he said "we now know that civilizations are mortal", we should also realize that each civilization bears within it the seeds of its own regeneration and transformation.

This is the reason I have every confidence in my fellow human beings and in man's potential and it is this that impels me to make an urgent appeal to my fellow Canadians to reach out to each other. If they would only remember that without co-operation, any attempts at communication and understanding will produce only meaningless encounters and temporary truces.

[*English*]

As we approach the end of this century, we are not immune to the crises that buffet our world and threaten its stability. The effects of this turmoil will be suffered even more tragically by the next generation; living as they will in apocalyptic times when virtually everything will be subject to question. We have made great material progress and worked hard to secure this legacy for our children. We now have more money and more leisure time. Despite this fact, everything around us shows signs of impatience. Weakened by advertising, persuaded to claim, to demand, to receive and to take more, we act far too often like children who leave their broken toys to demand new and more exciting ones capable of rousing them from their state of torpid satiation.

Our mistake lies in our erroneous definition of humanity and the meaning of happiness. We have been seeking such happiness beyond the rainbow and it is now time to step back and reflect calmly, to take stock of our resources so that we can again set out on a voyage of discovery and find the meaning of the human journey.

When I ponder on the youth of this country, I am filled with pride and confidence. Their search for knowledge, their need for involvement, their dynamic nature and their strength of conviction assure us that in their own time they will carry out their role in determining the future. Their attitude shows us that they will be willing to accept the responsibility of mastering their own fate.

The day will come when they will replace us, when those whom we have tried to help will leave the paths we have laid out and go another way to build the city according to their own plans and to meet the new requirements of a new age. Would it not show an unforgiveable arrogance and lack of foresight on our part to try to forestall criticism of us at all costs by contriving to build and mortgage a world for the future which is not ours to create? There is a universal law that governs the progress of civilizations: one generation lays its stone, the next contributes another and, if the building material is always the same, the whole will reflect the vision, spirit and will of those who, one after the other, worked and died to build it. Although we have an obligation to build for future generations, we must not try to take their place and, in our feverish activity, give the impression that we do not trust them to be inventive and resourceful in their turn. We must prepare them for life, but we could be wrong to try to live their lives for them according to a model of our making.

As for myself, I have great faith in the youth of today. My past experience working with youth associations and my daily encounters with young people have revealed to me their spirit and potential. I am certain that when their time comes they will take up the challenge and shoulder it with success. As you yourself have said, Prime Minister, there are no insoluble problems, there are no situations that we cannot improve or correct if we unite our efforts; what we need to do is to talk to each other, to work together intelligently and honestly and let time, "the great sculptor", as Marguerite Yourcenar has so aptly put it, shape and refine the structure of our Canadian federation.

[*Translation*]

I believe in the strength of our people, in our collective strength, and in the power to recreate society through the practice of those time-tested virtues that have always led people to surpass themselves and give the full measure of their

faith, wisdom and courage. We must practise these virtues together. My task, which I take on publicly before you, is to become better acquainted with my countrymen, to meet with them, to seek them out wherever they are in this great land, and to instil in them the confidence that makes and seals destinies. Our common task is to promote tolerance, to help each other, and to reject imitations of freedom. This is the price of our happiness, but happiness will never be found in the spirit of "every man for himself"; it requires that we share our good fortune as Canadians so that we might benefit the many peoples of the world.

To carry out my duties, I need the help of each and every one of you now and in the future. We must be united in spirit if we are to go forward in unity and brotherhood on the exhilarating road that Providence has so generously laid out before us. As Ecclesiasticus says:

"... as the governor is, so will be the inhabitants of his city." (Si 10:2)

I ask for your support in the days ahead. We share with each other a common inspiration for we have all at one time experienced the eternal truth expressed in the words of the psalm:

"If Yaweh does not build the house, in vain the masons toil..." (Ps 127)

THE SENATE

Wednesday, May 23, 1984

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

Prayers.

QUESTION PERIOD

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

BILL C-12—REFERRAL TO COMMITTEE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Acting Leader of the Government in connection with Bill C-12, which is presently before the house. In view of the comments made by Senator Kelly last night, I was wondering if it is intended that the bill be referred to the Legal and Constitutional Affairs Committee rather than the Banking, Trade and Commerce Committee or the National Finance Committee? Technically, the bill could be considered by any one of these three committees, but in view of the problems raised by Senator Kelly, I wondered whether it was the intention to refer that bill to the Legal and Constitutional Affairs Committee for study?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, Senator Flynn and I had an informal and preliminary discussion about this matter last evening. Since then, I have checked the precedents and, as Senator Flynn has said, there would be authority to send Bill C-12 to any one of the three committees he has referred to, namely the Legal and Constitutional Affairs Committee, the Banking, Trade and Commerce Committee or the National Finance Committee.

Under rule 67 of the *Rules of the Senate*, the Banking, Trade and Commerce Committee would be eligible under (k)(iii) "taxation legislation". However, this is probably the least compelling of the three. The Legal and Constitutional Affairs Committee, under (j)(i) "federal-provincial relations", would be eligible, since this is clearly what is involved. The third committee, the National Finance Committee, would be eligible under the heading (h)(ii) "government finance".

Since any previous matters of this nature contained the same potential for reference to the same three committees, I checked with the previous chairmen and also with the clerk's office, and apparently the National Finance Committee is accustomed to dealing with this type of legislation. Therefore, it will be the government's request to the Senate that, when Bill C-12 goes to committee in the Senate, it go to the National Finance Committee.

Senator Flynn: If that will be the motion made by the sponsor of the bill, may I ask the acting leader if there will be any objection to hearing representations from provincial ministers of education? Apparently yesterday, in the National Assembly in Quebec at least, there were some comments on and some criticism of this bill.

Also, as was indicated last evening by Senator Kelly, apparently other provincial ministers of education have criticized this measure. I would hope that whatever committee studies this bill will give those who wish to appear before it the opportunity of doing so.

Senator Frith: Without giving the impression that I agree with Senator Kelly's observations, or that the government thinks that there was insufficient consultation, I would think it unreasonable to object to any committee's hearing representations from provincial governments where the committee thinks it appropriate to do so and, therefore, speaking for myself, and to the extent that I can speak for the government, I have no such objection.

Hon. John M. Godfrey: Honourable senators, I should like to make the observation that if this house had adopted my motion to establish an official policy with respect to provincial governments being invited to appear before Senate committees Senator Flynn would not have had to ask his question.

[*Translation*]

BILL C-12—NATIONAL OBJECTIVES

Hon. Martial Asselin: Honourable senators, I have a supplementary to the question put by the Leader of the Opposition in the Senate. Since Bill C-12 is introducing for the first time, in the fiscal arrangements legislation, provisions that allow the federal Government to set conditions on the payment of subsidies for post-secondary education, and since Liberal leadership candidates have made statements to that effect, and there is also some mention of it in the bill—it is even part of the program of the leadership candidates—namely, the matter of meeting national objectives, could the Government, before this bill is referred to the appropriate Senate committee, explain what criteria or national objectives are intended by Bill C-12?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I believe the Government's position has already been clearly established by the bill's sponsor, Senator Hicks. As for the question raised by the Honourable Leader of the Opposition, the Government will have an opportunity to explain its policies in greater detail before the committee, which is the appropriate forum for such matters.

Senator Asselin: May I ask who will be the Minister responsible for Bill C-12, and who will appear before the Senate committee? Will it be the Minister of Finance, the Minister of State for Finance or another Minister of the Government?

Senator Frith: Honourable senators, I did not mention the name of the Minister responsible or the Minister who will appear before the Committee. I simply said that there will be an opportunity to obtain explanations, from either the Minister responsible, the Deputy Minister or other officials who are experts on the subject. If I understand correctly, the Minister responsible is the Minister of Finance.

Senator Asselin: As for the conditions the Government wishes to set on payments for post-secondary education, does the Acting Leader of the Government feel this is a new federalism the Government wishes to introduce in federal-provincial relations?

Senator Frith: Not necessarily new, but, as usual, this Government wants to take the initiative!

[*English*]

CO-OPERATIVE MOVEMENT IN CANADA

RESPONSIBILITY OF MINISTER OF STATE FOR THE CANADIAN WHEAT BOARD

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. In a press release from the Office of the Prime Minister dated May 10 of this year Senator Argue was named "to further assist the Federal Government in its liaison with Canada's co-operatives and credit unions."

First among the minister's responsibilities was that he was "to announce the overall federal stance toward the co-operative sector recently approved by Cabinet".

My question is: Has that stance, in fact, been recently approved, and has the minister announced it? If not, will he do so now?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, it has not been formally announced, but on Tuesday next I will be meeting with the press, with members of the co-operative movement and with some of my colleagues in the cabinet, and I anticipate that the announcement will be made at that time.

MEMBERSHIP OF TASK FORCE

Hon. Nathan Nurgitz: The second item on the Prime Minister's press release was that the minister was to ensure an effective federal reply to a report of a co-operative task force announced in the Throne Speech last December. My questions are: Has that task force been named? Who is on the task force? Have they been meeting and, if so, when? When may we expect a report?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): From memory I am unable to tell Senator Nurgitz the names of all those who comprise that task force because I do not have my notes with me. It is composed of eighteen Canadians, nine of whom come from the anglophone side, and nine of whom come from the francophone side of the co-operative movement in Canada. These Canadians represent organizations that are producers' co-operatives, as we understand them, retail co-operatives, credit unions and caisses populaires. The task force has been meeting from time to time in various parts of Canada, hearing representations from the co-operative movement and from others outside that movement as to what actions and role the movement should be playing in the days ahead.

I believe it would be correct to say that the co-operative movement—and that is part of the industrial economy and financial section of our community—has been experiencing the same kind of difficulties as those experienced by much of the other part of the private sector. The members have been looking for answers as to how they can become more efficient, as to how they can improve services to their members, as to how they can in the future play an expanded role in the Canadian economy in the financial field and in the retail field, and how they can respond to their membership and to Canadians generally. They are looking in depth at possible new structures for industrial development in this country, for example, where the owners of an industry might, in some instances at any rate, be the workers in that industry, a system of what could be called workers' co-operatives. They already have a role but they are looking for an increased one in international trade and development, as well as looking at how they can meet the challenges that lie ahead. I believe their task force report is in the final stages of being edited and printed, and my information is that that report will be ready for presentation also on Tuesday next.

Senator Nurgitz: Surely the minister will see the task force report before he responds on Tuesday. Is that not the plan?

Senator Argue: I have already seen the draft report. But, no doubt, there will be some changes in it. I have in my possession an early draft, but not the final presentation. I have been studying that draft. But there may well be some changes that will be apparent on Tuesday next.

• (1410)

NEWFOUNDLAND

ICE STORM—POSSIBLE GOVERNMENT ASSISTANCE TO VICTIMS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on May 8 concerning what action the government plans to take under the federal Disaster Financial Assistance Program to alleviate the situation caused by the severe ice storm in Newfoundland on the weekend of April 13.

Honourable senators, discussions are going on between federal and provincial officials as to the extent of assistance that is needed. Provincial officials now know, however, of the federal government's willingness to help through the Disaster Financial Assistance arrangements and of the limitations to this help and the conditions under which it would be provided.

To provide the detail Senator Marshall has asked for, I should like, with the permission of the Senate, to have incorporated into the *Debates of the Senate* a series of telexes between the Government of Canada and the Government of Newfound-

land that set out what I have just said, namely, that the two governments are discussing the matter and the extent of the federal government's intention to help.

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

Hon. Senators: Agreed.

(*The telexes follow:*)

May 4th, 1984

St. John's, Newfoundland
Telex: 0164718
Honourable Yvon Pinard,
President of the Privy Council and
Minister Responsible for Emergency Planning Canada,
Government of Canada,
Ottawa, Ontario

First I want to thank you for the prompt and forthcoming way in which you have responded to my telex of April 25th. Your agreement to consider sharing the costs with the province which were incurred by Newfoundland and Labrador Hydro and Newfoundland Light and Power Company in restoring electrical power after the April 13th ice storm is most encouraging. As I indicated in my initial telex on this matter, the financial assistance of the federal government is critical as the province is unable to sustain an assistance program alone.

I have had one of my officials contact Mr. D.W. Hall of your office. As I understand, a meeting is tentatively arranged in St. John's on either the 11th or 14th of this month. We are hopeful that a suitable arrangement can be agreed upon at that time to determine the eligibility of costs to be shared between our two governments.

WILLIAM W. MARSHALL
President of the Executive Council and
Minister Responsible for Energy

FROM:

The Honourable Yvon Pinard, President of the Privy Council and Minister Responsible for Emergency Planning.

TO:

The Honourable William Marshall, President of the Executive Council, Government of Newfoundland, St. John's, Newfoundland.

Dear Mr. Marshall:

Thank you for your recent message regarding the severe storm which struck the Avalon Peninsula during the weekend of April 13th. May I express, through you, my sympathy to the people whose lives were so severely disrupted by the loss of electrical power over a rather extended period of time. The federal government will be pleased to provide financial assistance in meeting the costs incurred by your government in recovering from this storm in accordance with the arrangements established for such assistance under disaster financial assistance guidelines.

My statement in the House of Commons, to which you refer in your message, was that ". . . the federal government could contribute up to 90 per cent of the cost of the damages suffered . . .". This is in keeping with the disaster financial assistance guidelines which provide for the federal government to assist a province in accordance with a formula which relates disaster expenditures to the provincial population. The federal share is 90 per cent for that portion of eligible provincial government expenditures which exceed five dollars per capita of the provincial population. At the time I made the statement, it appeared that costs could well exceed this level.

I will not go into the details of the guidelines here but will merely mention that federal assistance is given when the costs of a disaster exceed what a province can reasonable be expected to bear on its own but, as is implied by the phrase "eligible provincial expenditures", not all disaster related expenditures are shared. Therefore, I am not able to give unqualified assurance that any expenditure by your government to defray costs incurred by Newfoundland Hydro and Newfoundland Light and Power, as well as those incurred by other businesses and by individuals, would qualify for federal assistance. Expenditures by a provincial government to assist crown corporations and so-called "big businesses" in meeting the effects of disasters, qualify only in particular circumstance but I am quite ready to consider sharing with the Newfoundland government the defrayal of certain costs incurred by Newfoundland Hydro, Newfoundland Light and Power in dealing with the recent storm. Since a federal-provincial shared cost program to repair storm damage to an electrical power distribution system represents a precedent, I have asked Mr. D.W. Hall, Director General (Operations) of EPC, to go to Newfoundland to work out with your officials suitable criteria for expenditures which might be eligible. Following this, Mr. David Snow, Emergency Planning Canada's regional director for Newfoundland, will be the federal government's representative to work with your officials in determining the details.

I trust that by working together in this way our governments will be able to alleviate, to a significant degree, the hardships caused the people of Newfoundland by this unfortunate event.

April 27, 1984

From:

Roger Young, Executive Assistant to Hon. Yvon Pinard.

To:

William Marshall, President of the Executive Council,
St. John's,
Newfoundland.

Dear Mr. Marshall:

On behalf of the Honourable Yvon Pinard, President of the Privy Council, who is currently out of the country, please allow me to acknowledge receipt of your telex of the 25th concerning the severe ice storm which recently devastated portions of Newfoundland causing damage to hydro and utility lines.

Please be assured this will be brought to the attention of Mr. Pinard immediately upon his return on Monday, the 30th. In the meantime, I have taken the liberty of referring your request to senior officials of Emergency Planning Canada.

Yours sincerely,

ROGER YOUNG,
Executive Assistant.

Honourable Yvon Pinard,
President of the Privy Council and Minister
Responsible for Emergency Planning Canada,
Government of Canada,
Ottawa, Ontario

Dear Mr. Pinard:

As you are aware, during the period April 13-15, 1984, a severe ice storm devastated the northern portions of the Avalon Peninsula causing extensive damage to hydro and utility lines. The immediate impact on residents and business was a loss of electricity for several days. In some areas electrical power is only now being restored nearly two weeks after the storm.

For our electrical utility companies, Newfoundland and Labrador Hydro and Newfoundland Light and Power Company Limited, damage was extensive. Ice up to 12 inches in diameter coated utility wires and support structures causing them to break in many areas. The main transmission lines from our Bay D'Espoir Hydro Station and the Holyrood Terminal Station all failed resulting in the loss of electric power to most of the Avalon Peninsula affecting 175,000 people. The costs to Newfoundland Hydro and Newfoundland Light and Power have now been estimated at 7,000,000 dollars.

Other large companies which sustained heavy losses include Newfoundland Telephone Company and several radio and television companies. At this point we have not been able to tabulate the cost of damages by individual residents and other businesses as a result of broken utility lines and loss of electrical power. However, our belief is that taken alone they will be less than the value where there could be any significant federal cost-sharing under the disaster financial assistance arrangements.

The province is now in the process of trying to determine what kind of assistance program, if any, might be available to help alleviate the burden placed on business and residents alike as a consequence of the storm. The province is unable to sustain an assistance program alone because of our limited fiscal capacity and budgetary restraint program. Consequently, the assistance of the federal government is critical if the province is to respond to the damages incurred by both the large utilities and the individual citizen.

I therefore welcome your statement in the House of Commons on April 16, 1984, which I understand was made in response to a question from the Honourable James McGrath, in which you recognized the extent of the damage caused by the storm and offered federal financial assistance to the province to cope with the costs of damages. Your offer of up to 90 per cent of the damages suffered in Newfoundland is most encouraging indeed.

At this time I am requesting confirmation that the expenditures incurred by Newfoundland Hydro and Newfoundland Light and Power in repairing hydro and utility lines will be eligible for assistance under the disaster financial assistance program as well as losses incurred by other businesses and individuals.

I trust that you will give immediate attention to this request and that you will provide the required clarification on the extent of federal assistance available as soon as possible.

Yours sincerely,

WILLIAM MARSHALL,
President of the Executive Council

c.c. Hon. James McGrath
April 25, 1984

OLYMPIC GAMES

SOVIET UNION BOYCOTT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on May 10, 1984, concerning the Soviet boycott of the Los Angeles Olympic Games and possible mediation—I was going to say meditation, but "mediation" is the word—by the Minister of State for Fitness and Amateur Sport.

Hon. Jacques Flynn (Leader of the Opposition): You started with a good word, "meditation."

Senator Frith: Senator Asselin will remember that I was compelled to answer a question last night by a "non et non;" this time I have a "oui et oui" response.

Honourable senators, the report of withdrawals of the U.S.S.R. and its allies from the Los Angeles Summer Games

is disappointing, especially in view of recent signs of a general desire to improve East-West relations.

Canada does not believe that the concerns expressed by the U.S.S.R. in regard to arrangements for the games justify such a Draconian step.

To the best of our knowledge, the American authorities have indeed adhered to the spirit and letter of the Olympic Charter. We hope the Soviet Union and the other nations who are supporting the Soviet position will reconsider this decision and that all countries will attend the games.

The Minister of State for Fitness and Amateur Sport stated, in response to a question by a journalist, that, if asked, he would offer his services as a mediator to both parties involved in the controversy. However, Canada has not been asked to mediate the dispute and, if asked, would certainly consider it. Obviously, the Secretary of State for External Affairs, as the minister responsible for Canada's external relations, would be consulted and would carry the responsibility for any such action.

Hon. Martial Asselin: That could be a challenge.

Senator Frith: I assume that the "if asked" does not include being asked by Senator Asselin.

Hon. Jacques Flynn (Leader of the Opposition): It is still a "non et non."

Senator Frith: But "oui" that I have the information.

Senator Asselin: Senator Frith should consult Senator Perrault since he is an expert on that.

Senator Frith: Next time I will.

OFFICE OF COMPTROLLER GENERAL

VACANCY

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Murray on May 8, 1984, regarding the government's intentions concerning the Office of the Comptroller General.

Honourable senators, the position of Comptroller General is presently being retained as it is. Mr. William Bindman has been appointed acting Comptroller General and will continue in those functions until a successor to Mr. Rogers is named.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING—ORDER STANDS

On the order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Lapointe, P.C., for the second reading of the Bill C-12, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977".—(*Honourable Senator Tremblay*).

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, although I do not normally ask for attention since I do not feel I am any more entitled to it than anyone else, I should like to make a comment concerning our arrangements for Tuesday evening respecting this order.

The informal agreement—not a house order or anything of that kind—is that we will continue the debate on Bill C-12 tomorrow and on Tuesday evening, and that we will have a vote for reference to the committee on Tuesday evening. Indeed, it is virtually certain that that will be a recorded vote. Honourable senators might note that, according to the present discussions between the government and the opposition in the Senate, we expect that, on Tuesday night after continued debate, there will be a recorded vote on Bill C-12.

I understand that Senator Hicks cannot be here next week. He is the sponsor of the bill and I will ask him to give me instructions on closing the debate on second reading on his behalf.

Unless others have something more to add, I agree that the order should stand.

Hon. Jacques Flynn (Leader of the Opposition): On this point, honourable senators, I merely wanted to point out that when I, on behalf of Senator Tremblay, asked that this item stand, I had no objection to anyone else speaking to it. More specifically, if Senator Thériault wants to express the viewpoint of the regions as something different from that of the provinces, we would welcome his using this occasion to do so.

Senator Frith: With those cordial exchanges, I take it that the order stands.

Order stands.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, P. C., seconded by the Honourable Senator Cottreau, for the second reading of the Bill C-23, intituled: "An Act to amend the Prairie Grain Advance Payments Act".—(*Honourable Senator Bielish*).

Hon. Martha P. Bielish: Honourable senators, I am pleased to have the opportunity to participate in the debate on the amendment to the Prairie Grain Advance Payments Act.

The Prairie Grain Advance Payments Act was introduced in 1957 by the Conservative administration under the leadership of the Right Honourable John G. Diefenbaker. It is an excellent piece of legislation and has served the western grain producers over more than a quarter of a century. It has been amended and upgraded as times changed and conditions warranted. This is precisely what we are doing now.

The first amendment proposes that limits on advance payments be doubled from $15,000 to $30,000 for individual

producers, from $30,000 to $60,000 for multi-farmer units involving two participants, and up to $90,000 for multi-farmer units involving three or more participants. In addition, the maximum advance for drying tough grain is being raised from $1,500 to $3,000, and the maximum advance for unthreshed grain will be doubled from $7,500 to $15,000.

The second amendment makes it possible for further adjustments to the maximum advance payment to be made a part of the appropriations act of Parliament. This, of course, will speed up changes in the legislation, if changes are necessary.

The third change proposed by Bill C-23 is the revocation of subsection 7(3.1) of the act, which excluded spouses from participation in the program. Honourable members of the opposition in the other place have consistently requested this amendment. In fact, the honourable member from Drumheller made that the subject of a private member's bill, Bill C-218. I am very pleased that this amendment is in place, for it will put an end to this form of discrimination between spouses, involving, for the most part, farm women or farmers' wives. Farmers' wives, as honourable senators know, have no pension plans and lack many of the amenities of the urban woman. I trust that this amendment will prove to be a move towards equality between the sexes on the farm.

Honourable senators, the Prairie Grain Advance Payments Act does not provide a subsidy. It does not provide a grant. It simply provides for an advance on the farmers' grain which is taken off of his cheque when he delivers the grain. It is a useful tool and we on this side welcome the bill and will be happy to see it passed. Thank you.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, having listened to my colleague remind us that this legislation was introduced by the Diefenbaker government in one of its first years, perhaps I might be allowed to add a footnote to history by saying that, when this measure was first advocated in the election of 1957, it was declared to be impossible of accomplishment by the government of the day. I well remember a meeting in Morris, Manitoba—as I am sure does Senator Hazen Argue—when Mr. C. D. Howe, a justly famous Canadian statesman, appeared on the platform when the subject was discussed. A member of the audience did not like what he had to say in turning down this idea, and approached the platform to reproach Mr. Howe. When Mr. Howe heard the complaint, he tapped the gentleman in the tummy and said "You look fat enough to me," intimating that he did not really need this kind of help. The only thing is that the man turned out to be the President of the local Liberal association, and that was a significant factor in overturning the government in that seat.

● (1420)

I also recall coming down to this city during that time, advocating this bill, and being told by ministerial advisers of the highest rank that it was quite impossible to implement a bill of this sort. The only trouble is that Mr. Diefenbaker did it.

[Senator Bielish.]

It has worked quite well. I agree with what my colleague, Senator Bielish, had to say. However, the minister, in his speech last night, made some interesting—what is it when someone says something he does not have to say, but he says it anyway? Is it *obiter dictum*?

Hon. Jacques Flynn (Leader of the Opposition): That's right.

Senator Roblin: He made an *obiter dictum* respecting the nature of this bill. In the final minutes of his speech, the minister spoke about price. He linked the bill with the initial price statement that was made a few days ago. He commented on that fact and said that he was fully convinced:

> —that there will be final payments on all of these commodities much in excess of the drop in the initial price.

I hope he is right. However, I want him to put a little more definition on how he views the outcome of this matter, because there are a great many people in western Canada who will want to know.

In the rest of his statement he led me to believe that he regarded the situation as being such that the final payment would be at least equal to the final payment last year. I think that is the impression—

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I did not mean to give that impression. If that appears there, then it is an error.

Senator Roblin: I am making these comments because I want the minister to explain it more clearly to us. I want him to tell us what his statement means:

> —that there will be final payments on all of these commodities much in excess of the drop in the initial price.

That is my first point. My second point is that the minister goes on to say:

> With regard to spring wheat, it is a postponement of some 28 cents a bushel.

Twenty-eight cents from what? Where does that figure come from? I thought he meant that 28 cents was the difference between the initial price and some other figure. I presume that is what it is. What is that figure? Will the minister clarify that for us?

Hon. D. G. Steuart: It is 28 cents more than in the first place.

Senator Roblin: I know; but did the minister pull that figure out of the hat, or did he have some basis for it? I think he should tell us. I believe that Senator Steuart suspects that he may have pulled it out of the hat.

Senator Steuart: No, no.

Senator Roblin: Oh well, if Senator Steuart holds a contrary opinion, then I would be the last one to contradict him.

Senator Flynn: He shows his blind faith, anyway.

Senator Roblin: I am glad he is listening. That's something. Continuing with this mathematical exercise on the postponement of 28 cents a bushel, the minister then said that if a

farmer goes and gets the cash advance for the extra $15,000 that is allowed here, then that is the same as a reduction—I do not know what that reduction is—on 53,000 bushels of wheat. The minister then made the following statement:

> Perhaps that is not a comparison that would stand a logical examination.

I guess that is the point that really brought me to my feet. I am convinced he was right when he made that statment. If he has any further information that can clarify the issue, it will be welcome, because it becomes important. The minister came up with a figure that the loss to the farmer was .02 of a cent per bushel.

Senator Argue: That should be two cents.

Senator Roblin: It says ".02 of a cent a bushel". Perhaps I misread it.

Senator Argue: Perhaps it is .02 dollars.

Senator Roblin: The minister may take the opportunity to correct that. That comes to about $106.00 for all those bushels. I wonder what that had to do with the argument.

Senator Argue: I did not read the blues last night so I will have to take the blame for that.

Senator Roblin: Then you may correct them now.

There was one final point on which I think the minister should comment before he closes the debate. It has to do with the money that he thinks will be paid out under the Western Grain Stabilization Act. I am not quite clear how a discussion of this act got into a debate on advances on farm-stored grain.

Senator Argue: If you read the *House of Commons Debates*, you will find that they put a lot of stuff in.

Senator Roblin: My honourable friend is usually better organized than that. In any event, he did talk about the matter and he said that when this Western Grain Stabilization Act is amended producers will receive payments in excess of $1 billion within the next three years. That comment caused me to perk up my ears because if they get $1 billion in the next three years it may deplete the fund. There is about $900 million in it now and even though some people, as well as the government, are still paying into it, if they lose $1 billion over the next three years, it will make for pretty small "pickins" compared to what we are used to. My point is that, if by liberalizing the trigger mechanism under the Western Grain Stabilization Act it depletes the fund, what will happen when we have a really bad year? Before, the old fund would have been triggered into action, but now there will be nothing left in the kitty.

In view of the fact that the minister takes the authority for the statement that $1 billion will be paid out in the next three years, will he tell us when he replies just how he envisages the Western Grain Stabilization Act fulfilling its original function, to say nothing of this liberalized new function if the drain on the funds is as drastic as he proposes? It seems to me that one should know something about this matter before giving further consideration to the legislation the minister has in mind.

Senator Argue: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Argue speaks now, his speech will have the effect of closing the debate on second reading.

Senator Argue: Honourable senators, I appreciate the remarks made by Senator Bielish and Senator Roblin. It is clear from those remarks that this legislation has the strong support of the opposition, as it does of the government members. Senator Roblin went back and gave us some factual information that in 1957 the Diefenbaker administration introduced the original Prairie Grain Advanced Payments Act. If memory serves me correctly, and it may not, the maximum then was $3,000. In any event, it has improved and—

Senator Roblin: It shows you what inflation has done to us.

Senator Argue: That is part of it. I would think that when you exclude inflation the increase is probably not 10 times but, in any event, I want to give full credit to the administration that brought in the act in the first place.

Some Hon. Senators: Hear, hear!

Senator Argue: The records of the House of Commons will show—

Hon. Martial Asselin: Did you vote for the bill?

Senator Argue: I always voted for anything that in my opinion was good. Not only did I vote for it but I campaigned for it for years, probably a little more expansively but not with the same amount of accomplishment as the Right Honourable John George Diefenbaker. However, I think I exercised my responsibility and availed myself of the opportunity as a member of the House of Commons in those days when I championed the provision of interest free cash advances. Although the late Honourable C.D. Howe had reservations at the time, I think history will show that he made a very outstanding contribution to the grain industry of western Canada over a lifetime of service, both in the private field as a man who constructed the great terminals in western Canada and as the minister who made it possible after the war for the Canadian Wheat Board to continue its authority as the exclusive agency in the export of wheat, oats and barley. I suppose the fact that I came from another party, joined the Liberal party, have been happy ever since—

Hon. Senators: Hear, hear!

Senator Argue: —and am now in a position to pilot this bill through this august chamber, which is equal in every respect to the other place, gives me a great deal of satisfaction. I suppose I have probably been campaigning for this cause longer than anyone else in the Senate. I take some satisfaction in having been associated with colleagues who are so responsive to the needs of western Canada and the western grain producers.

Senator Roblin raised some questions with respect to my mathematics, the drop in the initial payment and what I said with respect to a final payment. The drop in the initial payment for No. 1 CW spring wheat, which is the main grain

and grade, was from $170 a tonne one year ago to $160 a tonne for the coming crop year. That is a drop of $10 per tonne, which is equal to a drop of 28 cents per bushel. Thus, that is where my 28 cents comes from.

I then went on to say that I was fully confident that whatever the final payment will be—and I certainly have no idea what it might be—it will be in excess of the $10 a tonne drop. In other words, it is a postponement of income and not a permanent loss of income.

I then went on to calculate roughly the Wheat Board's return on its investments, which is around 11 per cent to 12 per cent now, I think, as compared to whatever a farmer might pay. Obviously, that will vary from farmer to farmer, but it will account for, say, a 6 per cent difference. Therefore, I simply took 6 per cent of 28 cents and in my rough mathematics came out with something under 2 cents per bushel, not ".02 of a cent", which is a printer's error found on page 569 of the *Debates of the Senate*. The figure should have been $.02 or 2 cents.

I am fully confident that there is no danger but that some very substantial additional sums can be, and will be, paid. We are not into next year's crops, therefore we do not know what the prices for those crops will be. However, yesterday the price for No. 1 CW 13.5 per cent protein was being quoted at $221 a tonne. If you subtract $10 a tonne for the 13.5 per cent bonus, or premium, you arrive at the figure of $210 a tonne, which is $50 a tonne over and above the $160 a tonne. My information, which of course varies from year to year, is that in all its costs the Wheat Board has to pay something under $10 a tonne, which I think allows an adequate margin. Unless there is to be a complete catastrophe in international prices—and I do not foresee one—it seems perfectly safe to assume that the final payment on the crop to be marketed commencing August 1 will be sufficient to cover that amount.

Obviously, there are differences of opinion when initial prices are being set with respect to how safe we should be, how far prices should drop, or even if they should drop at all. The result of the consensus which we pulled together was that this was a reasonable thing to do, having taken into account all of the information and recommendations which came to hand. Thus, there was a drop in the initial prices for wheat in the order of 28 cents a bushel, which I think is a modest drop. Of course, if a farmer has 5,000 bushels of wheat on hand in excess of the first 5,000 he needs for the first $15,000 cash advance, which means he is likely to obtain the 30, then on another 5,000 he will have a cash flow of $15,000, or $3 a bushel. This drop is obviously 28 cents a bushel and, as I say, while that may not be the most logical thing to say, the drop in the initial price constitutes some reduction in cash flow. On the other hand, obviously, the increase in the advance payment is an increase in cash flow.

• (1430)

I then went on to say that amendments are being proposed to change the Western Grain Stabilization Act and that these are currently in draft form in a bill being given first reading in the other place. Further, I said that on the basis of forecasts by officials, based on current conditions, they would anticipate that, within the next three years, there will be payments out of the fund totalling something in excess of $1 billion.

These will not, of course, be the final figures. They are projections, and nobody could be that accurate. However, if there is an upward movement in world international prices and if export quantities remain approximately the same, probably less money will be paid out. If, on the other hand, there should be a decrease in export sales; if world prices should stay the same as they are or drop, then obviously there would be a greater payment out of the fund. However, these are the best projections that can be made, taking into account current statistics.

I said last night that the experts tell us that while these amendments will result in some major pay-outs, nonetheless the program, on the basis of a 20-year forecast, will remain actuarially sound. I have been informed by those who I think know what they are talking about that to be actuarially sound does not mean that, perhaps in one year out of the whole 20, there might not be a tiny deficit in the account. That is my information, but if someone else says that is not the case, I will not argue. However, to be actuarially sound, it must be sound over this long period, and that means that the flow of money in and out of the account over a 20-year period will not result in an extra, unforeseen cost to the federal treasury.

At the end of the last calendar year, there was in this account something under $900 million. The payments into it today, I understand, are running at the rate of approximately $150 million a year; that is $50 million a year from the producers and $100 million a year from the treasury of Canada. In addition to that, of course, the fund collects interest on the money that is on hand, which I believe this year is estimated to be approximately $60 million. If you add $150 million a year as the income into the fund for the next three years, that would be a grand total of $1.35 billion plus the interest accumulated, which would be over and above that figure. If the experts are correct, there will be something in excess of $1 billion paid out in the next three years. That would leave something in excess of $300 million still remaining in the fund, quite apart from the interest income.

People who know the international grain business would say that we are in a downturn. Hopefully, we are at the low part of the cycle and therefore the future should mean increased international prices for grain. That takes me back to my earlier statement that the bill that has been presented in the other place is sound and well founded. Based on current circumstances, I think the projection of these kinds of payments is necessary to the western grain economy. Even with such very large payments, there will still be very substantial sums of money in the account at the end of the next three years. Therefore, I think we will get the best of all worlds: namely, the producers will receive very substantial payments and the fund will remain actuarially sound.

Although it is not the main subject under discussion, it is my view that the Western Grain Stabilization Act was good legislation and has been of benefit to western producers.

[Senator Argue.]

Seventy-six per cent of the approximately 150,000 permit holders belong to the Western Grain Stabilization Fund on a voluntary basis. I believe that they will be happy and satisfied with the payments. I expect the complaints and the criticisms to come mainly from the 24 per cent who decided to exercise their own judgment and save the money by not contributing to the fund and therefore, of course, forgoing the benefits that are coming from the fund.

It is my hope that this legislation will be passed by the Senate today. As soon as Royal Assent is given, I am sure that the work will begin quickly in preparing the proper forms and arrangements so that, on August 1 of this year, the producers will be able to obtain cash advances to a maximum of $30,000 for an individual.

Senator Roblin: I presume that my honourable friend will be able, perhaps at the committee stage, to give the Senate the financial details that lie behind the Western Grain Stabilization Act in order that we can look at the numbers that he has been talking about here.

However, I really wanted to ask another question of the minister. In view of the fact that, according to him, it is safe to assume that the wheat market will get better, can he give us some idea as to when consideration will be given to making an interim payment, in addition to the initial payment that has been made.

Senator Argue: At this time, it is a little too early to say. The crop year is some distance away. Perhaps within the next six weeks we can have another look at the situation and canvas, once again, those who provide advice to see whether or not action should be taken prior to August 1 of this year. If no action is taken before that time, perhaps early in the crop year we will take a look, as we have always done during my tenure, to see whether or not we can bring about an interim payment during the crop year.

At the moment, the price is approximately $10 a tonne better than when the initial price was forecast and established for the new year. However, that is something that should be looked at on the basis of that outline.

I do not know the intentions of the Senate with regard to further study of this measure by committee, but I can undertake to supply Senator Roblin with all of the documentary information that was given to me and was included in the calculations that resulted in the preparation of the bill that is now before the other place.

Senator Roblin: I think my honourable friend should give some assurance that the interim payment will be made in good time for the federal election.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I am assuming that there is an answer to that question and that the undertaking will be forthcoming—

Senator Roblin: Do not worry; it will be there in good time.

Senator Frith: Honourable senators, for your information, on the question of the referral of this bill to committee, I would like to inform the Senate that this bill and the next bill on the Order Paper, C-4, both were passed at all three stages in the other place without reference to a committee. However, the fact that the other place did not send these bills to committee does not mean that we must follow suit. The real issue for us is that, if there was a good reason, in our opinion, why these bills did not go to committee in the other place, then the same reason might apply here. I simply wondered whether there was a way the figures Senator Roblin requested could be put on the record without having this bill referred to committee. It is, of course, possible that the Senate might decide that both of these bills should be referred to committee, but, as I said, if we can provide the information, in the event that the Senate should decide not to do so, and because there seemed to be support for the bill from both sides of the house at all three stages in the other place, I suggest that when this bill receives second reading, as seems likely today, we defer third reading until tomorrow to afford Senator Argue an opportunity to provide that information to Senator Roblin. I think it would be useful to have that information on the record, rather than have it simply sent to Senator Roblin.

• (1440)

Senator Roblin: Honourable senators, we are confusing two matters here; the figures I am most particularly interested in are those which have to do with the Western Grain Stabilization Act amendments, which are to come. There is no problem in connection with this bill, but if there are further figures that can be provided, I do not see why we cannot refer this to the Committee of the Whole to enable Senator Argue to explain those further figures to us. We can then proceed at an accelerated rate as far as the rest of the procedure is concerned.

Senator Argue: As Senator Roblin has correctly pointed out, his questions had to do with the Western Grain Stabilization Act and the amendments thereto. I am prepared to provide him with all the information available. I would think that that would cover everything.

Senator Roblin: I am satisfied with that.

Hon. Peter Bosa: I am not a member of the Standing Senate Committee on Agriculture, Fisheries and Forestry, so I hope that the Minister of State for the Canadian Wheat Board can answer my question, which is as follows: Is there similar legislation that would provide advance payments to farmers living in Ontario?

Senator Argue: Yes, and that is administered by the Department of Agriculture, as one might expect. The farmers who receive cash advances in Ontario and for grains other than those covered in this act receive exactly the same kind of treatment. There are cash advances and cash payments available for commodities such as canola, and so forth, in other parts of the country.

Motion agreed to and bill read the second time.

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

On motion of Senator Argue, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Norbert L. Thériault moved that Bill C-4, an Act to amend the Coastal Fisheries Protection Act, be read the second time.

He said: Honourable senators, it is with great pleasure that I propose the second reading of Bill C-4. I realize it will surprise my honourable colleagues to hear that anything that even remotely concerns our Canadian fisheries on the East and West Coasts is, and always has been, very important to me, being from the East Coast and part of a family that for generations has been involved in the fishing industry and its development.

In fact, I must admit that every time I hear my honourable friends from Western Canada, with an equally fervent interest in western agriculture, debate matters relating to payments or advances, I wonder whether the day will come when East and West Coast fishermen will receive the same treatment as western farmers.

The purpose of Bill C-4 is to amend the Coastal Fisheries Protection Act, which covers the activities of all foreign support ships and fishing vessels in Canadian waters. It controls these activities largely through licences and permits issued by the Department of Fisheries and Oceans under the appropriate regulations, and enforcement is based on the Department's surveillance and compliance program.

Briefly, the amendments proposed in Bill C-4 will dramatically increase the fines imposed on foreign fishermen violating domestic fishing legislation within the 200-mile commercial zone adjacent to Canada's east and west coasts. These amendments will also reinforce the legal implications of the Act, so that any violation of the regulations may be prosecuted. More specifically, the maximum fines for violating subsection 3(2) will be raised from $25,000 to $100,000, on conviction on indictment, and from $5,000 to $25,000 on summary conviction.

The subsection in question covers basic violations of the Act, namely, unauthorized fishing and harvesting of marine plants by persons on board foreign vessels, in Canadian waters, as well as a certain number of other related activities such as transshipment or unloading of cargo, crew transfers and purchases in port.

The amendments will also raise the maximum fines for violations of paragraphs 7a), 7b) and 7c) of the Act. These concern illegal entry by foreign fishing vessels in Canadian fisheries and refusal of foreign captains to answer questions asked by our fisheries protection officers. They also deal with unlawful destruction, by crew members of foreign vessels, of compromising equipment or cargo on board the foreign vessel.

[*English*]

Fines for these offences would be increased to $25,000 from $10,000 on indictment, and to $5,000 from $2,000 on summary conviction.

I think it important to point out that the amendments will bring our regulations into line with the consensus reached at the Law of the Sea Conference in that prison terms will be dropped in all cases except under section 7(d) of the act. This section deals with the resisting or obstruction of protection officers.

In this case the penalty will increase on indictment from $10,000 and/or one year imprisonment to $25,000 and/or two years imprisonment. This would bring the section into conformity with the Criminal Code and give our fishery officers the same protection as they now enjoy as peace officers.

Honourable senators, you will also note that Bill C-4 has an added clause which makes any contravention of the regulations an offence subject to a maximum fine of $25,000 on indictment and $5,000 on summary conviction. The act now, while it gives a general power to prescribe the terms and conditions of foreign fishing licences, does not make perfectly clear that any violation of these terms and conditions is an offence. The proposed legislation would remove any ambiguity that may exist under the present situation.

I should like to emphasize that the penalty increases are a clear reflection of the serious view we take of foreign fishing violations in Canadian waters. Although foreign fishing has been greatly reduced within our 200-mile zone since extended jurisdiction came into effect in 1977, coupled with the vigilant surveillance and enforcement program of the Department of Fisheries and Oceans as a strong deterrent to illicit foreign fishing, we owe it to our fishermen to strengthen our jurisdiction.

It should be noted that in addition to the penalties already discussed, the Coastal Fisheries Protection Act gives the courts the power to order the forfeiture of a foreign vessel, its catch and the equipment used on board if an offence has been committed. The regulations also provide the authority to cancel any licence or permit.

● (1450)

It is perhaps pertinent to look at the record of convictions and fines under the Coastal Fisheries Protection Act and the Foreign Vessel Fishing Regulations since 1977. In the six-year period between 1977 and 1983, there was a total of 115 convictions which resulted in total fines of $839,767. By a rough calculation that works out to an average fine of just over $7,000 per conviction. If one contrasts that to the fact that a foreign trawler fishing illegally off the Tail of the Banks could easily take cod valued at $30,000 or more on the European market in a single day's fishing, then I think it is fairly clear that we need some very strong deterrents in order that foreign fishing captains will realize that it is not worth their while to plunder our fish stocks.

In this context, it is also interesting to compare penalties that currently exist in other countries under similar statutes.

For instance, in the United States, fines run to $100,000, while in the United Kingdom there is a maximum fine of approximately $93,000 on summary conviction, and a fine at the discretion of the court on indictment. In New Zealand, fines go to approximately $85,000, and in Japan fines go to approximately $50,000. These amounts are all set out in equivalent Canadian funds. In most of these cases forfeiture orders are also provided for.

Obviously, there is quite a discrepancy between the level of these penalties and those existing in Canada under the present legislation, a fact which might encourage would-be poachers to take a gamble in our zone rather than in that of our neighbours to the south.

However, I should like to stress that it is full compliance with our regulations that we are striving for and not an increase in convictions and fines. The Department of Fisheries and Oceans has in place an efficient and effective surveillance and enforcement program. The proposed amendments will strengthen this program and give us even stricter control over foreign fishing activites within the 200-mile fishing zone.

Honourable senators, while I am quite confident that all Canadian fishermen and the Canadian public in general are in agreement with this legislation, I hope that I can have the same support from honourable senators. While this kind of legislation may not have the immediate and direct results that the fishermen would hope for, I am convinced that the future security of the fishing industry relies heavily on the fact that we can patrol adequately our 200-mile fishing zone. As has been suggested by the Deputy Leader of the Government in the Senate, this bill was not referred to committee in the other place, and I do not think we should refer it to committee here either.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, may I be so bold as to say a few words on this bill before the motion for adjournment is moved? Senator Thériault said that he wondered whether or not the time would come when the fishermen and the fisheries industry were given the same kind of consideration as the grain industry, which is what has prompted a response from me.

The Minister of Fisheries and Oceans, the Honourable Pierre De Bané is very concerned about the state of the fishing industry in Canada and has brought forward many proposals and policies that are helpful for the industry in these difficult times. There has been a feeling amongst some of us that perhaps the fishing industry could make use of some of the policies that have been used for the grain industry in western Canada. The Canadian Wheat Board is a central marketing agency. It has within its jurisdiction and associated with it all of the component parts of the grain industry—the privately-owned component, the co-operatively-owned component and some government-owned components. The central marketing agency is able to make long-term agreements with the government and other importing agencies. It pays initial prices for the various grades of grains that it takes into account. Hopefully, it pays a price that is safe and at the end there is almost always a profit and money to be paid out.

It would seem to me that the fishing industry might look at these very broad principles, because if you are going to sell codfish perhaps we do not need 10 or 100 salesmen selling the same product. Perhaps one sales agency might have some merit. I know that the Canadian Wheat Board has made some input to those who are interested in the fishing industry in order to outline the principles of how the Canadian Wheat Board operates the grain agency. Then the fishermen and the component parts of the fishing industry will decide whether or not there are policies that are used for the grain industry that would be helpful in the fishing industry.

I want to assure my honourable colleague that as a Canadian I fully support the same kind of consideration for the fishing industry that is given to the grain industry at any given time. Whether we are fishermen in the east or grain growers in western Canada, we need a prosperous industry, and if we can help bring that about collectively that is what we would like to do.

Senator Thériault: Honourable senators, I am glad that Senator Argue feels that way. The whole question of marketing was studied at some length by the Kirby commission, but the government of the day at that time did not see fit to accept some of the proposals, made by a number of people interested in the industry, for central marketing agencies for fisheries, which I support. In my opinion, the difference is—

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I rise on a point of order. I do not like to interrupt Senator Thériault, but would it not be more appropriate for him to make these remarks in his closing speech replying to all the points made in the debate? Otherwise, he will find himself speaking two or three times.

Senator Thériault: Fine.

On motion of Senator Marshall, debate adjourned.

BUSINESS OF THE SENATE

NOTICE OF COMMITTEE MEETINGS

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, before we proceed to the next order, I should like to remind honourable senators that several committees will be meeting shortly. There is the Standing Joint Committee on Official Languages in Room 269 of the East Block at 3.30; the Standing Senate Committee on Energy and Natural Resources in Room 250 in the East Block at 4.00; and the Standing Senate Committee on Banking, Trade and Commerce in Room 356-S when the Senate rises.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

On the Order:

Consideration of the Fourth Report of the Standing Joint Committee on Regulations and other Statutory

Instruments, presented in the Senate on 8th May, 1984.—(*Honourable Senator Godfrey*).

Hon. John M. Godfrey: Honourable senators, this report deals solely with the importation of fruits and vegetables of a kind grown in Canada. When counsel for our committee examined these regulations, he came to the conclusion that they were ultra vires, in other words, they were illegal. On instructions from the committee he wrote to the department to ask for their reaction to his opinion. On February 14, 1983, the designated instruments officer for the Department of Agriculture informed the committee that these regulations are in the opinion of departmental counsel *ultra vires*; in other words, illegal.

After considering that reply, we wrote to the Minister of Agriculture, and I quote from the report:

> —to ask for his personal assurance that customs officers would be requested to cease applying the Regulations to imports of fresh fruit and vegetables. In their letter, the Chairmen recorded the Committee's belief that it is "highly improper for officers of the Government of Canada to persist in enforcing Regulations which they admit to be *ultra vires*—

● (1500)

I should like to read part of the report which is self-explanatory and can express the situation better than I can. It states:

> On January 31, 1984, the Minister of Agriculture replied that "it has become clearly evident through our consultations that should these Regulations be revoked the Canadian produce industry would be seriously jeopardized". On this basis, the Minister proposed "to postpone action on these Regulations pending an amendment to the Canada Agricultural Products Standards Act, which will empower similar regulations under that Act", and stated that "such an amendment is currently being introduced through normal legal channels".
>
> Your Committee, while it notes the undertaking to seek appropriate legislative authority for regulations of this kind, is firmly of the view that the continued application of these Regulations at the present time involves an inadmissible departure from the usages of Parliamentary government and a repudiation of the concept of the Rule of Law which is at the heart of our constitutional order. While your committee recognizes that the revocation of these import restrictions may result in an economic disadvantage for domestic producers of fruit and vegetables, it does not accept that this justifies the Executive in illegally restricting the liberty of trade and commerce of Canadian importers. To do so would be to accept that ours is a government of men and not of laws.
>
> For the Executive to persist in enforcing Regulations which it acknowledges to be unauthorized by law strikes your Committee as wrong and completely unacceptable. That such a course of action should have the support of a Minister of the Crown is a matter of even greater concern to your Committee.
>
> Pending the adoption of appropriate legislation by Parliament, your Committee recommends that immediate steps be taken to ensure that customs officers charged with their enforcement cease to apply these illegal Regulations to imports of fresh fruit and vegetables.

Honourable senators, I think it is up to this chamber to show that this country is governed by laws and not by the Minister of Agriculture deciding on his own that something should be done in spite of the fact it is illegal. He is going ahead and doing what he admits is illegal.

Since we published this report, the joint chairmen have received a communication from Danny Dempster, Executive Vice-President, The Canadian Horticultural Council and The Canadian Fruit Wholesalers Distribution, expressing great concern about the action of the committee and the effect it would have upon the industry. He says:

> We find the position of the joint committee to be unacceptable particularly in light of the time required to adopt new legislation.

I should again like to draw the attention of this chamber to the fact that, on February 14, 1983, one year and three months ago, they admitted that this was illegal. At the outset, we did not press them too hard. Even when we wrote to them in January, we gave the minister all kinds of time to correct the situation. In that connection, I should like to read from the last paragraph of the report I presented yesterday evening in the Senate, which I think is relevant to this situation. It states:

> In making this report, your Committee's purpose is to impress upon the Government the need for speedy legislative action. In this connection, your Committee feels free to suggest that the necessary legislation might conveniently be introduced in the Senate. In our view,—

I would remind honourable senators that this is a joint committee—

> —the number of legislative proposals that are regularly introduced in the House of Commons makes it eminently practical to introduce in the Upper Chamber minor legislative amendments of a technical nature that are non-controversial and do not involve the expenditure of public monies.

The one I am speaking of today is a perfect example. There is no excuse whatsoever for the Minister of Agriculture to do what he is doing. If the government would only use the Senate, it could get these things through very quickly. This is not a controversial matter. If everyone agrees on the merits, a bill legalizing the matter could be introduced in the Senate, a Senate committee could study it, and it could breeze through the House of Commons without any difficulty at all.

What this chamber has to do is not slough this off to one side—because I am moving the adoption of this report—but we must, by supporting the adoption of this report, show that we do not approve of ministers acting illegally.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I shall not detain the chamber long because I merely want to say that, personally speaking, I have followed

the activities of this committee from the days of former Senator Eugene Forsey to the régime of my honourable friend who has just spoken. I have followed it with admiration and appreciation because I think this committee does a very good job. The work is arduous and, in a sense, dry but, nevertheless, of really significant importance. That fact has been illustrated no better than in the report my friend has made this afternoon with respect to this completely unjustified flouting of our constitutional system by the Minister of Agriculture.

I join with those who reprobate conduct of this kind, particularly when it is so completely unnecessary. If there is a mistake in the law or if there is a void that needs to be filled, there is nothing to prevent that from being done and to make matters legal and proper through the correct parliamentary institutions.

I should like to congratulate the committee and Senator Godfrey for making an extremely practical suggestion on how that can be done, that is, to have the bill introduced in this house. We know that, in the parliamentary machine as a whole, things get tied up, and it is hard for legislation to make its way through the House of Commons and reach us, but it is a lot simpler, a good deal easier and, sometimes, more effective to have legislation start here and make its way to the House of Commons so that they have a clear proposition they can dispose of in quick order.

I think my friend has made a splendid suggestion, that is, that there should be a bill introduced in the Senate to supply the legal foundation for what the Minister of Agriculture is now doing quite illegally. I suggest to the Leader of the House that he give this some thought. If he wishes to produce a bill of that kind, I think I can say for my colleagues and myself that we will give it prompt support, so there will be no question of delay so far as this house is concerned, and the matter can proceed to the House of Commons.

If he does not want to do that, then if the chairman of the committee wants to submit his own bill in respect of this matter—and if we find that it is constitutionally proper for him to do so—the same support will be rendered.

I would thank my honourable friend for the work of his committee. I thank him for his report, and I thank him for his sound advice. Speaking for myself, I intend to take it.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, in moving the adjournment of the debate on this order, I ought to say that I too was struck by the report, Senator Godfrey's observations about it and his suggestion for a solution. When I move adjournment of the debate, I hope he will not think that I am going to sit on the matter because I am going to take it up with the government and hope that we can carry on with his and the committee's suggestion.

On motion of Senator Frith, debate adjourned.

AFFAIRS OF THE AGED

MOTION TO ESTABLISH DIVISION—DEBATE CONTINUED

On the order:

Resuming the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator Benidickson, P.C.:

That, in the opinion of this House, the government should give consideration to the establishment of a Division of the Affairs of the Aged, with responsibility, insofar as the Parliament of Canada has jurisdiction, for promoting the welfare of aged people in Canada by

(i) planning and helping to plan Government of Canada policies on the affairs of the aged, in particular, in the areas of human rights, income security, employment, retirement and public services, including housing, nutrition, health care, education and recreation;

(ii) administering such Acts of the Parliament of Canada and such orders and regulations of the Government of Canada as are assigned to it;

(iii) coordinating policies, in both the public and private sectors, affecting the aged;

(iv) carrying out research and dispensing information on the affairs of the aged; and

(v) engaging in such other activities as are considered conducive to this goal by the Governor-in-Council.—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, since it has been quite some time since this motion was last discussed, I will read it to you in order to refresh your memories. The motion proposed by Senator Croll states:

That, in the opinion of this House, the government should give consideration to the establishment of a Division of the Affairs of the Aged, with responsibility, insofar as the Parliament of Canada has jurisdiction, for promoting the welfare of aged people in Canada by

(i) planning and helping to plan Government of Canada policies on the affairs of the aged, in particular, in the areas of human rights, income security, employment, retirement and public services, including housing, nutrition, health care, education and recreation;

(ii) administering such Acts of the Parliament of Canada and such orders and regulations of the Government of Canada as are assigned to it;

(iii) coordinating policies, in both the public and private sectors, affecting the aged;

(iv) carrying out research and dispensing information on the affairs of the aged; and

(v) engaging in such other activities as are considered conducive to this goal by the Governor-in-Council.

● (1510)

Honourable senators, before making a few comments in support of the motion, I want to compliment and congratulate Senator Croll for proposing this motion at this particular time, and I emphasize the words "at this particular time" because I believe they constitute an important reason for supporting the motion. I believe that, with the government so preoccupied and

concerned about economic problems, the difficulties faced by our older citizens may well be overlooked or given a low priority and that the solution to the problems of our older people—especially their financial problems—may well be postponed until more favourable economic times.

Honourable senators, I recognize, of course, that the concern at all levels of government in Canada—federal, provincial and municipal—is directed towards the great evil of the present time, which is the high rate of unemployment, especially among our youth. It is only reasonable that the concentration of government policies should be directed towards trying to find solutions or partial solutions to the problem of unemployment and the social evils that follow from and, indeed, accompany it. While recognizing this, we must also recognize that there is an ever-present danger that the distressing conditions of many of the elderly—their difficult living conditions—may be put aside, as it were, to await better economic times.

Honourable senators, I believe that Senator Croll is performing a real service to the elderly by bringing forth this motion at this time. He is making sure that we all remember our continuing obligation and responsibility to the aged in our society. That obligation and responsibility must not be forgotten or overlooked, regardless of the fact that other age groups require and, indeed, demand attention. Knowing that it is not likely that any new benefits which may be costly can be expected at this time, Senator Croll's motion does not call for any large additional expenditures. In fact, it calls for a better utilization of existing programs. Indeed, one of the actions suggested by the motion is the co-ordinating of policies in both the public and private sectors affecting the aged. If the proposals contained in the motion are put into effect, I think it would be of real assistance to the aged—especially to those coming under the various programs for the first time, and to all those whose circumstances have changed since they first became eligible for the various benefits available to them.

Honourable senators, the needs of the aged are very real. Their economic, social and emotional needs must be of concern to all Canadians. May I say here, honourable senators, that the poor, the aged and the disadvantaged in our society have and have had for many years, in the person of Senator Croll, a tireless advocate and a strong voice speaking on their behalf in the Parliament of Canada.

Hon. Senators: Hear, hear!

Senator Macdonald: When presenting his motion, the honourable senator used some interesting statistics. I think that a study of these statistics is a further and powerful, though silent, argument in favour of the motion. I think the needs of the elderly cannot be considered in isolation, as it were. The conditions of the poor and of the working poor form part of the whole unhappy situation. In the course of time, they, too, will come under our programs for the elderly.

Honourable senators, while recognizing that much remains to be done for the elderly in Canada, we must also recognize that a great deal has already been done to assist them. I noticed in the report on old age security that, in the fiscal year ending March 31, 1983, the amount of $9,643,033,511 was paid in total to the 2,425,685 Old Age Security pensioners, and that, of this amount, the sum of $2,416,263,142 was paid in the supplement to the Old Age Security to 1,250,852 pensioners, and $221,468,535 of the total amount was paid to recipients of the Spouses Allowance. In spite of the great amounts of money which have been paid out under the various programs to those over 65, we are still confronted with poverty among those under that age. How widespread that poverty is I do not know, and it is difficult to obtain exact figures.

Some time ago, I noticed a report in the Toronto *Star* of February 21 last, which report dealt with a new study by the Metro Social Planning Council. It stated that about 363,000 Ontario children under the age of 15 were living in poverty. It further stated that the number of children below the poverty line soared by 30 per cent between 1981 and 1982. The story mentioned that these figures were obtained by extracting Ontario figures from country-wide statistics for those two years compiled by Statistics Canada. I remind honourable senators that the poverty line of Statistics Canada is a lower one than that established by the Special Senate Committee on Poverty. As honourable senators know, there are various poverty lines which vary as to the income considered necessary to support single persons, married persons without dependents and married persons with different sized families. There is an interesting study on this subject entitled "1984 Poverty Lines, Estimates by the National Council of Welfare, March, 1984." This is a Government of Canada publication. All in all, honourable senators, I think that the poverty line established by the Special Senate Committee on Poverty, updated through 1982, tells the story in a clear and concise way. It shows that much has been accomplished over the years since the report on poverty was published, but it also shows that what remains to be done presents a tremendous challenge to the Canadian people.

Honourable senators, when talking about unemployment and poverty in general, I know that I am not speaking strictly to the motion, but I think it is all part of the general economic pattern. I will give another example of what I mean. In the January 30 issue of *Maclean's* magazine there was an article entitled: "Canada's Forgotten Poor." It is well worth reading and I will quote one paragraph from it:

> In 1981, according to Statistics Canada, 3.5 million Canadians were living within the definition of poverty. In 1982, the number jumped to 4.1 million; the 1983 figures will not be available until the fall but will be roughly 4.4 million.

The quotation continues:

● (1520)

> After a dozen years of decline poverty has returned in earnest, largely because of unemployment and now a jobless economic recovery threatens to make poverty a lasting legacy of the great recession.

Honourable senators, it is terrible to think that there may be a hard core of permanent unemployment as a legacy of the recession; yet this may very well be the case.

In the *Globe and Mail* report on business, in its April 20 issue, an article by Peter Cook mentioned this situation. I will quote one paragraph from that interesting article. It said:

> The phenomenon of a still expanding economy that seems able to generate increases in factory orders and production but not in jobs is puzzling for economists.

Honourable senators, as I mentioned, I believe this is a very timely motion brought forward by the honourable senator. It is not asking for very much and I am personally glad to support it. Indeed, I hope that before too long a bill will come to us to establish a division for the affairs of the aged, and I will be happy to support it.

Before closing, I wish again to congratulate Senator Croll and to compliment him not only for bringing forth this motion at this time, but also for his lifetime concern for the poor and the elderly, and for his dedication in working to improve the lot of the poor, the elderly and the disadvantaged.

Some Hon. Senators: Hear, hear.

On motion of Senator Frith, debate adjourned.

COMMITTEE MEETINGS

MOTION RE INVITATION TO PROVINCIAL GOVERNMENTS—DEBATE ADJOURNED

Hon. John M. Godfrey, pursuant to notice of April 17,1984, moved:

> That whenever a bill or the subject-matter of a bill is being considered by the Committee of the Senate in which in the opinion of such Committee, a province or provinces have a special interest, then as a general policy, the government of such province or provinces where in the opinion of the Committee it is practicable to do so, shall be asked by the Committee as to whether or not they wish to make written and/or verbal representations to the Committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

He said: Honourable senators, I will be as brief as possible. This motion has been under discussion for six long years.

Hon. Royce Frith (Acting Leader of the Government): Not in its present form.

Senator Godfrey: That is right, and I will explain. This motion is slightly different from the one that I moved last year. In this motion I have inserted the words "which in the opinion of such Committee" before "a province or provinces have a special interest"; and the words "where in the opinion of the Committee" before "it is practicable to do so". I included those words so that there is no doubt it is the committee that makes the decisions as to whether the province has a special interest and whether it is practicable to invite them to appear.

This first came under discussion six years ago in connection with the Committee on Reform of the Senate, which was chaired by Senator Stanbury. We had long discussions about this. That committee did not actually make a report. However, I did refer to the consensus of the committee, which was in line with this motion. The Standing Senate Committee on Legal and Constitutional Affairs, under the chairmanship of Senator Goldenberg, vigorously resisted any suggestion I made that the provinces should be invited to appear before that committee. I went back to the committee and got its authority to tell Senator Goldenberg that it was the opinion of the committee that that should be done. Senator Goldenberg reluctantly agreed and at that time we invited the provinces. I have forgotten the name of the actual bill the committee was considering at that time.

On February 23, 1982, I wrote a letter to Senator Perrault in connection with this subject. I have referred to this letter many times. It was in connection with a suggestion that we hold a meeting of committee chairmen. In that letter I said:

> One area in which the Senate has been criticized is whether or not it is properly performing its function to represent the regions. I can recall long discussions on this subject in the Senate Committee on the Constitution, chaired by Senator Stanbury, in 1978. One of the conclusions we reached informally was that the Senate Committees should all adopt a policy that whenever a bill or a subject was being considered that affected Provinces, the Provincial Governments always be asked if they wished to make representations to the Committee.

We had a meeting of chairmen of committees but we never reached the subject I had proposed. It was eventually discussed at a meeting held on November 4, 1982, and the memorandum from the director of committees calling the meeting referred to the prestudy of bills, human rights questions, enabling clauses of bills, and investigative work of committees.

As a result of that meeting, I withdrew the motion, because we had a general consensus of committee chairmen that it was desirable that committees should follow that practice. I said I would withdraw the motion and see how it worked out. It worked out very well. After a few months I decided that having pretty well established the practice, we should be official about it and get the official approval of the Senate so that we could demonstrate to the public that we were taking an interest and representing provincial interests.

Therefore I again moved the motion. Again it was discussed at a committee meeting as to whether or not we should adopt the motion. One of the objections raised was "Who is going to decide whether the provinces have a special interest and whether it is practicable?" I took the objections into account in the wording of this motion. I wrote to Senator Frith last year saying that I was prepared to amend the motion to include those words I have referred to earlier.

I received a letter from Senator Roblin as follows. He said:

Dear Senator Godfrey,

I am concerned about the motion on the provinces outlined in your memorandum of May 25th last.

The thrust of your idea is undoubtedly unexceptional; that is that the Senate should go out of its way to make itself available to provincial representations.

The advisability however of enshrining the idea in a Senate resolution requires some thought. There is no intention of reaching for a jurisdiction which does not belong to us but there is a possibility that provinces might regard a resolution on the subject as a work of supererogation.

It therefore seems unnecessary to formalize the matter in the form you suggest and that we may rely on committee chairmen and their committees to exercise their discretion.

I shall now read my reply dated June 8, 1983:

When I received your letter I dove for my Concise Oxford Dictionary to find out what supererogation meant. It is defined there as "pay out beyond what is expected" and "doing of more than duty requires". I am really puzzled as to why you are of the opinion that the provinces would think there is something wrong with that.

While all of the present Chairmen may agree with you "that the Senate should go out of its way to make itself available to provincial representations", there is no guarantee that this will be the attitude of future Chairmen. Formalizing the matter might be of some use for future reference, and I cannot think of what harm it could possibly do.

One advantage, of course, would be to demonstrate at this time that the Senate is aware of the almost universal criticisms it has received, because of its lack of action, in the area of regional representation and is making a conscious effort to do something about it.

● (1530)

I would like to talk about the effectiveness of Senate committees, particularly as it relates to statements that have been made in this chamber recently. For instance, Senator Roblin said just last evening, as it is recorded in *Hansard* at page 567; "When did we last amend a government bill in committee?" The question is not just whether the Senate amended the bill but whether it caused the bill to be amended. I was here for some time before I realized how the system works. It is almost more important that the Senate committee persuade the government to amend the bill than to amend it itself. In other words, if we can convince the government on a certain position, the government will propose an amendment to the Senate committee which will eventually be adopted and appear in the legislation. This approach is just as effective as if the Senate went ahead and amended the bill itself without reference to the government.

Senator Frith: It is probably more effective.

Senator Godfrey: Yes. However, very few people realize that such amendments proposed by the government were instigated as a result of pressure from the committee and negotiations by the committee chairmen.

I would like to refer to some bills which have been amended in the manner I have just described. My first example is Bill S-32, which involved mandatory supervision. I recall that the government decided to amend the original bill by providing for gating. The members of the committee were concerned about the question of human rights, an issue to which I feel the Senate should always be alert. We felt that it should not be up to the Parole Board alone to decide, after an inmate has served two-thirds of his sentence, whether he should serve the remaining one-third. We felt that such a decision should follow the due process of law and be made in the courts. This view was resisted by the minister. Subsequently we held a meeting *in camera*. I shall repeat only what I said at that meeting. I said that if there is anything we should stand firm upon as a matter of principle and as a matter of human rights, it is this matter and that if the Senate is going to mean anything, it has to stand firm on this issue. The next day the minister came along with an amendment that agreed with everything we had said. I had not realized it but at the time sitting behind me was a representative from the minister's office. Obviously, she went back to the minister and told him what I had said and that we meant business, with the result that the bill was amended. The bill did not proceed any further but I understand that it is being re-introduced in the other place with the same amendment. Another example was the bill which restricted government bodies to 10 per cent ownership in transportation companies. The majority of the members of the Legal and Constitutional Affairs Committee took violent exception to the provisions of the bill. For instance, we could not see why it should apply to government bodies when a very minor interprovincial trucking company was involved or a Canadian controlled international steamship line, when most such lines were owned outright by foreigners. The government paid attention to the committee's report and went part way towards accepting the recommendations we had suggested. The minister came to see me because it was felt that I would be the one to cause trouble because I did not think they had gone far enough. After considering some of the amendments, I told them so in no uncertain terms. The result was that the bill was withdrawn.

Another example is the tax treaty bills. A couple of years ago a tax treaty bill was introduced with a completely unacceptable method for disallowance motions. It provided that the treaty could be amended by regulation and that, in effect you could thereby increase taxation by regulation. The committee objected and the government came forth with an amendment that did not go quite as far as the committee wanted, but it was a reasonable compromise. In fact, after the Senate rises today, the Banking, Trade and Commerce Committee will be considering a similar bill in the form of Bill S-11. We have already had one meeting on this bill and again there was the question of changing treaties by regulation. I can only say that the committee objected to the absence of disallowance procedures and dumped all over the officials who presented the bill

and, I am told, that there will be amendments proposed by the government which will satisfy the committee's objections.

I would like to refer to a speech made by Senator Asselin, again on the subject of the effectiveness of committees, which is relevant to the idea of whether we can properly represent the provinces by the work that is done in committees. He said at page 443 of the *Debates of the Senate*:

> The Senate does have a fair number of standing committees and, each time they sit, we find it difficult to ensure that they all have a quorum. In addition, whenever a subject a little unusual comes up, the reaction is to set up a special committee. There are people in the Senate who want to build their own little empires. We have seen that often in the past. I am not referring to Senator Hébert, because he has just joined us. But we did see some senators who were very fond of chairing their own little committee. I am not saying that the questions under consideration were not important, but surely they could just as easily have been examined by the standing Senate committees.

At page 445, he said:

> It would mean that the Committee on Legal and Constitutional Affairs would only be asked to consider legislation. For anything else, a special committee would be set up, a senator would be empowered to build his own little empire and conduct a year-long study of a problem which a regular committee could examine.

We in this house owe a great deal to those senators who build their own little empires. It is really quite outrageous that the honourable senator should react in that way when he looks at all the work done by special investigative committees, such as those chaired by Senator Croll. I don't think I need say any more than that. I would like to refer to one other statement that the honourable senator made. He said that practically all reports submitted by any committee of which he was a member were completely ignored. I do not know whether they were ignored because he was a member but certainly other reports have not been ignored.

I would like to refer to a speech made in 1974 by Senator Croll. He instigated research on how the recommendations of his committee on aging has been handled by the government and the effetiveness of the whole process. I would like to read two short extracts from that speech. I would refer honourable senators to the research document called "Report on the Action Taken on the Recommendation of the Special Committee of the Senate on Aging, 1966." As is reported in *Senate Debates* at page 146, 1974, Senator Croll said:

> In the course of our recommendations, of which there were 92, we came up with a blockbuster, for the first recommendation we made in our report was to reduce the age for Old Age Security from 70 to 65 and to provide a basic income. The government accepted it within a very short time.

At page 147, he said:

> Let me give you the box score—and I shall put it in the parlance of baseball rather than hockey, which is kind of dangerous around this place. In any event, it will be understood. It is as follows: Ninety-two recommendations—92 times at bat; 25 home runs; 54 singles, doubles or triples. Thirteen times struck out, but swinging.

That is not a bad record. Senator Croll continued to be very curious about how report recommendations were handled. As reported in *Hansard*, June 21, 1976, page 2238, he instigated an inquiry which reads in part:

> What specific action, if any, has been taken in implementation of each of the following principal recommendations contained in the Fifth Report of the Special Joint Committee of the Senate and House of Commons on Consumer Credit and Cost of Living,—

He lists 16 recommendations to which Senator Langlois referred showing that most of them had been accepted by the government.

● (1540)

The next day, Senator Croll returned to the attack asking what had happened to the committee recommendations dealing with the issue of penitentiaries. Senator Perrault replied stating that most of them had been accepted by the government.

To bring my examples more up to date, the National Finance Committee in its dealings with the report on manpower made 57 recommendations, some 52 of which were adopted by the government.

The National Finance Committee dealt with the question of government accommodation and the main report recommended revenue dependency. In other words, it was the position of the government that the departments should rent accommodation which they use. That, again, is a recommendation which has been accepted by the government in principle.

Of course, we all know the great work the Agriculture, Fisheries and Forestry Committee has been doing, which is something highly respected. Yet, some senators refer to committee chairmen who have shown real initiative as being in the game to build their own little empire. All I can say is, "Shame on you!" What we need is more initiative of the type recently displayed by Senators Hébert and Watt—not less. We need more committee work—not less. We need more days such as last Tuesday when eight committees met, two at a time in their alloted time slots without any problems whatsoever with respect to quorums, even though the Senate was not sitting.

As I pointed out, Senator Flynn asked a question with respect to whether the provinces today would be invited to appear before a certain Senate committee. Also, as I pointed out, if this motion had been passed in the last session he would never have had to ask the question.

To move to my own motion, let us have some action with respect to it. Six years is long enough to wait. Let us go on record as approving the principle of this motion. Let us not pussyfoot around any more—the future of the Senate is at stake. Undoubtedly, the Senate will be changed; however, in

the meantime let us demonstrate that the present Senate is serious with respect to representing the interests of the provinces and that we have officially approved an effective mechanism for doing so.

Please, Senator Frith, do not adjourn this motion—or, even worse, have someone else adjourn it and then sit on it as you did in the last session of Parliament without allowing the Senate a chance to vote on it.

Hon. Peter Bosa: Honourable senators, may I be permitted to ask a question of the honourable senator? As I understood him in his opening remarks, he set out to answer the point made by Senator Roblin yesterday when he asked when had the Senate ever amended a government bill. Senator Godfrey then set out to give some examples to prove that Senator Roblin was wrong. However, it seems to me that we are talking about two different things. I believe Senator Roblin was referring to bills which originate in the House of Commons; whereas Senator Godfrey went into a long dissertation to prove that Senate bills have been amended from their original form and that the government has accepted those amendments. I thought that he might have gone on to say also that through the committee system we have amended bills via the pre-study method, but unless it has escaped me, I have not heard one example which illustrates that a bill originating in the House of Commons has been amended in the Senate.

Senator Godfrey: When Senator Roblin asked the question he did not just refer to bills originally introduced in the House of Commons. However, Senator Bosa, you are quite right; there is a distinction which is why I have been so keen with respect to the pre-study procedure. This was a procedure originally initiated by the Banking, Trade and Commerce Committee back in 1970, and it became known as the Hayden formula. I never understood why other committee chairmen were reluctant to follow that committee's example. The pre-study has been an effective means of getting our amendments across in a non-adversarial way. If a Senate committee sits first, sends recommendations to the government and the appropriate House of Commons committee before it gets into its study, then the government can bring the amendments suggested before the House of Commons committee if it feels the recommendations make sense. We do not receive any credit for that. In fact, few people realize how the system works—but it does work. By the time a Commons bill reaches the Senate it is generally too late to make amendments although there have been exceptions. The Banking, Trade and Commerce committee has had numerous meetings with respect to subject matter, which is why I suggested in my letter to Senator Perrault some two years ago that the committee chairmen should meet and study the question of pre-study. Shortly before that time, I was surprised to find out that this procedure was not being used by the committees. I had presumed it was being used generally, however, I discovered it was not. Today, Senate committees are using the pre-study method more and more.

Furthermore, with respect to the criticism about Christmas closure, the Senate could have conducted a pre-study with respect to most of the bills. In fact, we did this last fall. We changed the system whereby we can effectively look at the subject matter of a bill. We have made some progress in that respect.

Hon. Charles McElman: Honourable senators, may I be permitted to assist Senator Godfrey in the guise of a question. Does the honourable senator recall in relation to the question put by Senator Bosa, two occasions which come to my mind immediately, one in 1977, when the then Minister of Transport brought in the Air Canada Act? At that time, the Senate committee had the minister appear, and we urged him to make certain changes to provisions in the bill which were totally unacceptable to the Senate. These were provisions which went just too far in delegating authority which should remain with Parliament. The minister was rather obdurate. He was told that unless he accepted our changes and saw that they were passed in the House of Commons his bill would not pass; in effect, we would leave it in committee. He accepted that and the amendments were made.

I recall another situation in which the same minister was involved. This time we were dealing with the Maritime Code Act, a rather famous piece of legislation. I believe the Senate sat for something in the order of four weeks during the summer recess. Is that not correct, Senator Macdonald?

Hon. John M. Macdonald: Yes, that is correct.

Senator McElman: We did an absolutely superb job with respect to that legislation. As a matter of fact, we rewrote the bill, making some 130 amendments to it before sending it back to the Commons. The minister was so embarrassed that he would not reintroduce the bill. He waited for a new session in which he brought back our bill and said not a word about what the Senate had done with respect to it.

Those are just two classic cases in which the Senate has done a superb job.

Senator Godfrey: Honourable senator, I overlooked those cases. Of course, there are other instances in which the government has withdrawn a bill after a Senate committee has criticized it. We do not amend it so much as the government does after we have objected, and objected strenuously. The bill dealing with the proposed Canadian Security Intelligence Service is a perfect example of this type of situation. That bill was a Commons bill on which we conducted a pre-study in the Senate. The government accepted 95 per cent of our recommendations, which we made not in an adversarial way or a confrontational way, because our amendments made sense.

Speaking from my own experience as a member of that committee, I do not think one member of the committee could have brought in as good a report on their own as that committee did as a body. There was much discussion and changing of ideas and we moulded those ideas into a consensus which in the end made a great deal of sense, both politically and practically.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I will move the adjournment of the debate. However, I do not intend to sit on it, as Senator

Godfrey says. In fact, I will tell honourable senators right now that I will speak to it and I will make four points.

The first point I make is that I agree with Senator Godfrey that there is an extremely important distinction to be drawn between the Senate amending a bill and the Senate causing a bill to be amended. The examples given by Senators Godfrey and McElman are good illustrations of this point. In fact, these illustrations continue. This afternoon I will be appearing on behalf of the government before the Banking, Trade and Commerce Committee, withdrawing the provisions objected to by the Senate committee. We had meetings with representatives of the government on this matter. I received a letter the other day from a representative of the government saying that it was prepared to withdraw the objectionable provisions. The practice of causing amendments to be made, while it is not taking place every week is certainly followed on a regular basis.

Senator McElman: We did amend the Air Canada legislation.

Senator Frith: That is exactly right, Senator McElman. In some cases we made actual amendments. I feel we must remember those distinctions, and I agree with Senator Godfrey about that.

My second point is that I wish to consult the committee chairmen with respect to this form before I make an intervention.

My third point is that I will want to make a distinction between our duty, as I see it, as senators to represent regions and provinces, because we are all provincial senators, and representing provincial governments. I will want to elaborate on that point, making reference to the issue raised in the first part of what has become known as the Lamontagne committee report; that is, that essentially the interface between the provincial and federal governments should be governmental rather than legislative. In other words, there is a role for us to play in representing the provinces, which does not mean we will be representing the provincial governments.

• (1550)

Finally, I will be asking honourable senators to consider whether we would better demonstrate the principles raised by Senator Godfrey by proceeding as we have been doing more recently, and I give him credit for helping to bring this about, than we would by passing a resolution.

Honourable senators, those are the points I will want to discuss. I will not be "sitting on it" but will be standing to talk about it in due course. With those preliminary comments, I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 24, 1984

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tempore*, in the Chair.

Prayers.

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—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-11, to amend the Currency and Exchange Act.

Bill read first time.

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

Hon. Royce Frith (Acting Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

CUSTOMS AND EXCISE OFFSHORE APPLICATION BILL

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-16, to apply the customs and excise jurisdiction of Canada to the continental shelf of Canada and to amend certain Acts in relation thereto or in consequence thereof.

Bill read first time.

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

Hon. Royce Frith (Acting Leader of the Government), moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, May 29, 1984.

Motion agreed to.

CANADA-UNITED STATES TAX CONVENTION BILL, 1984

FIRST READING

Hon. Royce Frith (Acting Leader of the Government) presented Bill S-14, to implement a convention between Canada and the United States with respect to taxes on income and on capital.

Bill read first time.

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

Senator Frith moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, May 29, 1984.

Motion agreed to.

OFFICIAL LANGUAGES POLICY AND PROGRAMS

FIRST REPORT OF STANDING JOINT COMMITTEE PRESENTED AND ADOPTED

Hon. Lowell Murray, Joint Chairman of the Standing Joint Committee on Official Languages Policy and Programs, presented the following report:

Thursday, May 24, 1984

The Standing Joint Committee on Official Languages Policy and Programs has the honour to present its

FIRST REPORT

In accordance with its Orders of Reference from the Senate dated May 8, May 9 and May 22, 1984, and its Orders of Reference from the House of Commons dated May 4 and May 16, 1984, your Committee recommends that it be empowered to hire professional, clerical and stenographic staff as may be required.

Respectfully submitted,

LOWELL MURRAY
Joint Chairman

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

Senator Murray: With leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Senator Murray: Honourable senators, I believe the first report speaks for itself. It is a completely routine matter. The next step will be for the committee to prepare a budget for staff, which would have to meet the approval of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE

Hon. A. Irvine Barrow: Honourable senators, I would ask the indulgence of the Senate. The Standing Senate Committee on Banking, Trade and Commerce has a report on Bill S-11, but unfortunately the report is somewhere between the committee clerk's office and the Senate and has been for the last two and a half hours. I expect to receive it shortly. Later today I will ask leave to revert to Reports of Committees.

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

Hon. Senators: Agreed.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO REVIEW CANADIAN HEALTH CARE

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Tuesday next, May 29, 1984, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to review all aspects of, and make recommendations on, an overall Canadian health care policy;

That the Committee have power to travel from place to place; and

That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO TRAVEL FROM PLACE TO PLACE IN CANADA

Hon. Jack Marshall: Honourable senators, I give notice that on Tuesday next, May 29, 1984, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on April 4, 1984, to examine the expenditures pertaining to Veterans Affairs set out in the Estimates laid before Parliament for the fiscal year ending March 31, 1985, be empowered to travel from place to place within Canada for the purpose of such examination;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than November 1, 1984.

ADJOURNMENT

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, May 29, 1984, at 8 o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

SENATE REFORM

REPORT OF SPECIAL JOINT COMMITTEE—POSSIBILITY OF LEGISLATION

Hon. Martial Asselin: Honourable senators, my question is directed to the Acting Leader of the Government in the Senate.

For some time now, the Minister of Justice has been travelling from province to province, to meet the Attorneys General and submit to them the report on changes that should be made in the Senate of Canada. Considering that the subject has been on the agenda in the Senate and that debate on the subject has yet to begin in the other place, does the Minister of Justice, Mr. MacGuigan, intend, on behalf of the Canadian Government, to introduce shortly legislation that would reflect the views of the report by the Special Joint Committee of the Senate and the House of Commons on changes to be made in the Senate?

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, according to my information, the answer is no, but I shall take the question as notice and find out whether or not I was right.

[*English*]

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Acting Leader of the Government) for Hon. Hazen Argue, moved the third reading of Bill C-23, to amend the Prairie Grain Advance Payments Act.

Motion agreed to and bill read third time and passed.

COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Thériault, seconded by the Honourable Senator Le Moyne, for the second reading of the Bill C-4, intituled: "An Act to amend the Coastal Fisheries Protection Act".—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I am pleased to respond to Senator Thériault's motion for second reading of Bill C-4, to amend the Coastal Fisheries Protection Act. As usual the honourable senator expressed himself with sincerity on an aspect of fisheries with which he has had long experience in his area of Atlantic Canada, which with other eastern

provinces, has suffered from fishery problems. I can understand the problem he has had with American fishermen from the State of Maine, who pay the small fines, but since their catch is usually of a greater value, the fines are not much of a deterrent. I am sure that as a result of this bill the fines will be increased, and this might deter American fishermen from fishing in the offshore waters of New Brunswick.

Bill C-4 is simply a redraft of Bill C-8 that was introduced in April, 1980 but died on the Order Paper. Its purpose, as expressed by Senator Thériault, is to raise the level of fines and penalties for violation of the Coastal Fisheries Protection Act and thereby restrict the activities of foreign fishing vessels in Canadian waters. For the record, it is worthwhile mentioning a few of the activities that will be prohibited under the legislation. They include fishing or preparing fish, the unloading of fish or supplies, the taking of marine plants, and the obtaining of bait and other supplies.

Of course, all of those activities, as well as others, can be authorized by Governor in Council and regulated under permits or licences. I mention that, because that is what is happening now, and as we raise the level of fines and sentences of imprisonment against foreign fishing vessels, we are inviting those same foreign vessels back into our waters by having joint ventures and over-the-side sales negotiations and agreements. In other words, we are selling them our raw product, unprocessed, and losing jobs in our plants, leaving plant workers idle or on Unemployment Insurance. The following is one statistic to emphasize this curious situation. In 1980 we made direct sales to foreign vessels of 22,530 tonnes. In 1981 it increased threefold to 61,743 tonnes; in 1982 it increased by 50 per cent to 91,135 tonnes; and in 1983 it was 60,252 tonnes. The last figures are only preliminary ones and do not represent the whole year's sale.

• (1410)

So, with the greatest of respect to Senator Argue and his intervention yesterday indicating that he was willing to help sell our fish through the possible introduction of a fish marketing agency, in my humble opinion that is not the solution to the problem. The problem itself lies in the fact that the government never paid enough attention to the fisheries. Rather than providing leadership in its management and marketing, and rather than improving the handling and quality in order to get a better price for the fishermen, the government neglected that industry. After altering licences to get the most out of the product over the years, we are now blundering along in a haphazard manner instead of being world leaders in the fishing industry. We are now trying to prevent another drastic failure or collapse in an industry which should be one of our most prosperous.

Honourable senators, we can pass this bill easily through all stages today, but we are only locking the door after it is too late. The attitude of the government is so obvious that it must be redressed. When a simple bill was ready for introduction four years ago, it was not brought forward. I can only ask, why was it not introduced then? It would have had more meaning at that time and could have provided a deterrent.

[Senator Marshall.]

The bill may give the government a feeling that it is flexing its muscles by invoking stringent measures to deny foreign vessels the right to fish illegally in Canadian waters, but as it implements, on the one hand, these restrictions to keep them out, the minister is entering into negotiations, on the other, to invite them into our waters.

For example, the Minister of Fisheries and Oceans proudly announced recently a new fishing agreement with the USSR when answering a question put to him on that subject in the other place. Under that agreement, the USSR will purchase $12 million worth of our fish products while they are, at the same time, permitted to catch an estimated 50 million dollars' worth of groundfish off the Newfoundland coast. The minister's reply to protests was that the Newfoundland government did not object. How absurd can one get? On the one hand, the minister jealously guards federal jurisdiction over fisheries and denies joint management with the provinces, yet he blames the Province of Newfoundland because they did not object to the agreement.

That reminds me of the story of the chap who murdered his mother and father and when he went before the court pleaded for mercy on the grounds that he was an orphan!

But the telling point of another part of his reply was that the resource he was selling and allowing the Russians to catch was surplus to our needs and was of a species that Canadians are not interested in catching. To my mind there is no fish that would not be caught if there were some leadership shown by the government. One wonders why the Russians are buying those fish if they are not of any value.

Here we are, honourable senators, cutting off licences to fishermen because of a lack of the resource; we are inflicting quotas on our own fishermen; we are restricting fishermen from entering certain waters because of a lack of the resource; we are cutting the season on certain species because of a shortage of the resource; we have invoked a 200-mile limit to keep foreign draggers out of our waters; and in this bill we are increasing the fines and penalties.

Processing plants are lying idle because of bad distribution or a lack of fish. We just poured $75 million into a bankrupt industry, and I will guarantee you that within five years we will have to pour more millions of dollars into that same industry.

Thousands of fishermen and plant workers are idle because of ice conditions and because they are waiting for the slow process of providing ice-breakers to allow them to earn their livelihood instead of collecting UIC benefits. We hear, until we are sick of it, that there are too many fishermen in Canada chasing too few fish. Yet, despite the continuous warning that our fish stocks are depleting and the fact that we deny our fishermen the God-given right to exploit the resource to the best of their ability, we suddenly find ample stocks to give or sell to the very nations that have raped our fish stocks and plundered our spawning grounds while our own fishermen watch and wonder why.

We invoked a 200-mile limit after the plundering and raping took place. Then the fishermen were told to wait until the stocks were replenished, and they are still waiting. Senator Thériault dwelt extensively on the dramatic increase in the fines imposed on foreign vessels which violate our laws, within our 200-mile zone, under subsection 3(2). Fines will be raised from $25,000 to $100,000 on an indictable conviction, and from $5,000 to $25,000 on summary conviction. That is the extent of the bill before us.

Despite my objections and comments on the overall fishery, I see no reason to delay the bill. I am sure that with the restrictions imposed it will provide a deterrent. Unless the acting leader and my whip listen to the advice I have been giving, I have no objections to the bill going to committee. I see no reason at the present time why it should not go through all stages.

Hon. L. Norbert Thériault: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform the Senate that if the Honourable Senator Thériault speaks now, his speech will have the effect of closing the debate on second reading.

Senator Thériault: Honourable senators, I have listened attentively to the remarks of Senator Marshall. He made some good points even though he spoke in generalities. Of course, as a supporter of the Conservative Party and having been in opposition for so long, he has no choice—

Hon. C. William Doody: Don't be nasty now.

Senator Thériault: —other than to be negative. I consider that as part of his problem and accept the criticisms with grace.

Hon. Lowell Murray: Amazing grace!

Senator Thériault: Yesterday the minister responsible for the Canadian Wheat Board rose to ask a question and went on to make a statement expressing his opinion on how the marketing of the fishing industry should be handled in this country. I agree with his statements to some degree. My problem is that, while on the prairies farmers have been known as the great defenders of private enterprise, they almost constantly make that representation with their hand in the till of the federal government, whereas on the east coast every time the people involved in the fisheries ask the government to rescue them by providing a pittance of assistance, they are accused of being socialists. If I may reflect out loud, I think that the fishery—the fishermen and the producers—could take a lesson from the western farmers and the entire agricultural industry of this country. I hope that before too long we can do this.

• (1420)

Speaking personally, I would not have objected if part of the restructuring of the fishing industry, which has been taking place over the last year and which is still taking place, had not created these monsters, these half private, half government corporations. I agree with my colleague from Newfoundland that these giants will be back to the government asking for more funds before too long. The problem is exactly as Senator Marshall has put it. To some degree he has good reason to say some of the things he has said. It all boils down to a question of marketing.

Two giant corporations in Nova Scotia, and at least two or three in Newfoundland, after realizing there was to be an extension of the 200-mile limit, bought every small company they could. These giants became involved in boat construction programs and went into debt to certain banks. They were reaching for a golden nugget in the sky and ended up in disastrous financial positions. At the same time, in New Brunswick, a great number of small family-owned businesses were making money. Although I am not the greatest proponent of private enterprise, I do believe that had the industry in the Atlantic provinces been left alone then people in the small communities would have been able to get organized. They would have been able to get back into business with probably less assistance than that which was given through the restructuring program. The so-called giants should have been left to go bankrupt.

Honourable senators, I am pleased that members on the opposition side of the house are willing to pass this bill. There is nothing bad about it. I do not know how this is done in the Senate but I will do it my way. With the unanimous consent of the house I move that we have third reading of this bill now.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, we do it somewhat slower in the Senate than they do it in New Brunswick—but not by much. I believe what we need now is to have the motion put for second reading of the bill and then Senator Thériault can ask for third reading.

Senator Thériault: It is rather funny, but I never thought I would see the day when I would learn that you need second reading before third reading.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Thériault: I suppose there is a rule which I must cite if I want to move that the bill be read a third time immediately. However, I will return to what I said before. With unanimous consent of the Senate I move that this bill be now read a third time.

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

Hon. Rhéal Bélisle: No. The reason I say no is because of the language my honourable colleague used in calling us all ignorant because we are members of the opposition. Because of that he does not deserve any favours.

Senator Thériault: Honourable senators, I do not know how my honourable colleague understood such a thing. I never said such a thing, especially not of my good friend Senator Marshall. I cannot say the same for all opposition senators, but after having listened to Senator Marshall I would never use

such language. I might change my mind if it had been somebody else speaking.

Now that unanimous consent has not been granted, I move that this bill be placed on the Orders of the Day to be read a third time at the next sitting of the Senate.

Motion agreed to and bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE PRESENTED AND ADOPTED

Leave having been given to revert to Reports of Committees:

Hon. A. Irvine Barrow, Chairman of the Standing Senate Committee on Banking, Trade and Commerce presented the following report:

Thursday, May 24, 1984

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FIFTH REPORT

Your Committee, to which was referred Bill S-11, intituled: "An Act to implement conventions between Canada and the Republic of Tunisia, Canada and the People's Republic of Bangladesh, Canada and the United Republic of Cameroon and Canada and the Democratic Socialist Republic of Sri Lanka, an agreement between Canada and Kenya and conventions between Canada and the Arab Republic of Egypt, Canada and the Republic of the Ivory Coast and Canada and Sweden for the avoidance of double taxation with respect to income tax", has in obedience to the Order of Reference of Wednesday, April 4, 1984, examined the said Bill and now reports the same with the following amendment:

Pages 7 8 and 9: Strike out clauses 28 and 29 and the headings immediately preceding those clauses.

Respectfully submitted,

A. IRVINE BARROW
Chairman

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

Senator Barrow: Honourable senators, I have some explanation in connection with these amendments. The clauses which the committee has deleted refer to powers of the government to amend the bill itself without reference to Parliament. The Banking, Trade and Commerce Committee took exception to these saying that if this bill were to be amended then it should come back before the Senate and before Parliament. As a result of representations that were made to the government, the government has decided to amend the bill by deleting those clauses.

[Senator Thériault.]

Therefore, honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(f), I move that the report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

THIRD READING

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

Hon. A. Irvine Barrow: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(b), I move that the bill be now read the third time.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1430)

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Richard J. Stanbury moved the second reading of Bill C-11, to amend the Currency and Exchange Act.

He said: Honourable senators, I am pleased to be limited in my time today since I do not like making long speeches at any rate. Bill C-11 is, essentially, of a technical nature. Its main provisions relate to the accounting methods followed by the Exchange Fund Account in valuing Canada's gold reserves and recording gains on gold transactions. The amendments also broaden the provisions under which the Minister of Finance can engage in gold transactions, make minor clarifying adjustments to the wording of the act and shorten its title to the Currency Act.

As a result of developments following the abandonment of an official price for gold by the International Monetary Fund in 1978, the Auditor General has raised questions about some provisions of the Currency and Exchange Act. Specifically, beginning with his audit of the Exchange Fund Account for 1979, the Auditor General has noted that the policy of valuing the Exchange Fund Account's gold holdings at the former official price of 35 Special Drawing Rights, about $36 U. S. per ounce, rather than at market value, is not in strict conformity with the act. The Auditor General has also queried the legal basis for the existing accounting practice of paying the excess of receipts over book value on Exchange Fund Account sales of gold to the Consolidated Revenue Fund over a three-year period.

It is generally recognized that valuing the Exchange Fund Account's gold at market price has important shortcomings. Gold prices have been subject to large fluctuations in recent years; using market prices to value our gold reserves would have resulted in large changes in the reported level of our

reserves, even in the absence of transactions. It is also unlikely that the current market price would provide a reliable guide to the eventual selling price if large sales were contemplated. It may be remarked that no major industrial country reports its gold reserves at the current market value. The amendments allow for a continuation of present valuation procedures, while providing the flexibility for writing up the book value of Canada's gold reserves, with the proviso that the book value not exceed the market price, should this become appropriate.

Turning to the practice of recording gains on the sale of gold as valuation gains and transferring them to the Consolidated Revenue Fund over a three-year period, the amendment would explicitly provide for this, which corresponds to the treatment of valuation of gains resulting from exchange rate changes. This procedure has the effect of evening out year-to-year transfers to the Consolidated Revenue Fund due to abnormal or irregular movements and is consistent with the amendments to the Currency and Exchange Act of 1977, which made a distinction between net investment income and valuation gains or losses and provided for transfers to the Consolidated Revenue Fund based on their different characters. The Auditor General has indicated that these amendments would overcome the reservations that he expressed in recent audits of the Exchange Fund Account.

In passing, I would like to note that the payment of income by the Exchange Fund Account to the Consolidated Revenue Fund is essentially a bookkeeping entry only—there is no cash transfer. The Exchange Fund Account retains the income from foreign currency assets, and the Canadian dollar equivalent which is paid to the Consolidated Revenue Fund is offset by an increase in Canadian dollar advances to the Exchange Fund Account by the Consolidated Revenue Fund, so that cash holdings remain unchanged.

It is also proposed to widen the provisions under which the minister may engage in gold transactions in order to enhance the ability of the Exchange Fund Account to earn additional revenues on its assets. Finally, it is proposed to shorten the title of the act to the Currency Act—the additional wording serves no purpose—and to make some minor changes to the wording of the act designed to clarify and modernize it.

Honourable senators, that is the presentation of the explanation of Bill C-11. If there are any questions, I will try to answer them.

On motion of Senator Macdonald, for Senator Charbonneau, debate adjourned.

● (1440)

[*Translation*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Lapointe, P.C., for the second reading of the Bill C-12, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977".—(*Honourable Senator Tremblay*).

Hon. Arthur Tremblay: Honourable senators, I welcomed the suggestion by the Acting Leader of the Government to have the agenda modified so that Senator Stanbury could introduce the bill he is sponsoring before I started my speech. I agreed, but not because, as Senator Frith seemed to imply, my speech would be more substantial than the honourable senator's. In fact, although Senator Stanbury's comments were more succinct than I intend to be in my speech, there was real substance in what the senator said. As for the substance of my own speech, I will let you be the judge.

My contribution to the debate on second reading of Bill C-12 will concern four points. I think we could see these points as basic to the philosophy of this legislation. The first point will be the abandoning of the block grant approach for health and post-secondary education as the format for federal financing in these areas of provincial jurisdiction. The second point will be the proposed formula for indexing, as it were, the increases in federal contributions for health and post-secondary education. In my third point I will analyze the allocation by the provinces of federal subsidies for health and post-secondary education. Finally, in my fourth and last point, I shall expand on the concept of federal involvement in defining national objectives for post-secondary education.

As far as the first point is concerned, namely, abandoning the block grant and going back to what I would call sectoral transfer payments, in 1977, after lengthy negotiations with the provinces on fiscal arrangements for the period from 1977 to 1982, the federal Government finally agreed to consolidate transfer payments for health and post-secondary education in a single block grant. These contributions had until that time been made as separate transfers, either in the form of tax points subject to equalization or in the form of cash payments.

This development was particularly significant for the provinces, because with the block grant formula they were given far greater latitude in allocating the funds received according to their own priorities.

To fully grasp the significance of this decision, we would have to work our way back through every 5-year period to the 1950s. At that time, the federal Government became involved in these areas of provincial jurisdiction when it provided the provinces with funds for the purpose of financing these sectors.

During the debate on Bill C-3, which has now become law, we already had occasion to give an historical overview with respect to health programs.

I shall therefore do the same, but only with respect to post-secondary education. I would refer honourable senators to a speech by Senator Hicks on the subject on February 18, 1982, a remarkable piece of work in many respects. However, I noticed some details were omitted on a point that deserves to be recalled in the present circumstances. I did not find it in *Hansard* of February 18, 1982. I am referring to the arrange-

ments concluded in 1959 and 1960 by the federal Government and Quebec, to get out of the impasse that had existed since 1952 or 1953—I do not remember the exact date. Honourable senators will recall that for the first year, the subsidies for universities, introduced by the federal Government following recommendations made in the report of the Massey-Lévesque Commission, were initially accepted by the Government of Quebec, I think it was for 1951-52. Subsequently, the Quebec Government refused to let federal subsidies be paid to Quebec universities. An impasse was thus reached, and I will not go into the details of the situation.

In 1959-60, an arrangement was concluded, the so-called Fleming-Sauvé formula. The arrangement provided—and this was a first—for transfer of tax points in lieu of direct subsidies to the universities. As to the principle, that formula remains unchanged. The federal contribution to post-secondary education financing is still made up of a tax transfer and a cash payment. Needless to say, however, the amounts involved are not the same. They are much larger now than they were in 1960.

I think it is important to remember that that is the starting point. Without any reference to what eventually became known as opting out, it was at that time that we first heard about the principle which later on led to the opting out formula. It was written into that provision of the Fleming-Sauvé formula.

In any case, if my reading of the bill is correct, it does not change anything in the basic situation created by the Fleming-Sauvé formula. To be quite sure, however, since it has been pointed out on numerous occasions that the wording of this bill is sometimes unclear and hard to understand, to be quite sure, as I said, that my reading of the bill is correct, I intend to ask some questions on that subject when the committee gets around to the consideration of the bill. For the time being, let us assume that my reading of the bill is correct and that indeed, with respect to the principle, we are still operating under the Fleming-Sauvé formula. From the point of view of the provinces, however, the return to a sectoral approach is definitely a backward step as compared with the situation created in 1977, all the more so since that backward step comes with an obviously discriminatory treatment as far as the health sector and post-secondary education are concerned.

● (1450)

And now my second point: with respect to post-secondary education, Bill C-12 sets on the growth of federal financing a ceiling of 6 and 5 per cent respectively for the years 1983-84 and 1984-85. It does not do the same thing in the health sector which will thus benefit from more generous federal financing. As Miss Bégin stated before the committee, the growth of federal health grants in those two years will be about 11 per cent, possibly more.

Why such discrimination? That has yet to be explained to us. Would it be that, from the standpoint of the federal government, health programs have priority over post-secondary education programs? Do health programs fall into realms of more obvious collective sensitivity—to put it euphemistically—since both sectors are given a different treatment under Bill C-12? I expect that a government spokesman will explain the difference to us.

[Senator Tremblay.]

I think that post-secondary education ought to be put on the same footing as the health sector.

Otherwise, it seems to me there is a contradiction in the government position. First, they insist that we must invest in post-secondary education if we are to come to grips with technological change and the new challenges which Canadians must face, therefore more investment is needed in post-secondary education. And yet, they reduce the growth of federal contributions in that field. Senator Kelly made a thorough analysis of that aspect of the question, so I will say no more except point out briefly the dilemmas which the provinces will face, particularly Quebec.

The effects of this ceiling on federal financing for post-secondary education are easy to imagine from a provincial viewpoint. The provinces will either have to raise admission costs to make up the difference or to reduce services. I have in mind especially the teaching services where the result would be an increase in the student-to-teacher ratio, for instance.

The provinces will inevitably have to increase either their taxes or their deficit. They will then be faced with the paradox that, to reduce their deficit, the federal government will have to transfer funds to them. What will this new type of deficit transfer from one level of government to another mean for the Canadian economy as a whole?

I now come to my third point, which concerns the way in which the provinces use the funds provided by the federal government for post-secondary education. The problem has already been discussed with respect to health services. I must say that I found it particularly interesting to analyze the tables which Senator Hicks submitted in 1982, as he reminded us in his speech last May 9.

In general, we note that, from 1974-75 to 1981-82—more recent figures might be available, but I am not in a position to obtain them—during this period, for the established minority language and second language programs, for which the table included the secondary level, the federal participation did increase. It went up from 48 per cent to 57 per cent. Beginning with the situation in 1967, following an agreement with the provinces, the federal government would no longer help finance professional teaching at the secondary level; it had done so for many years, but from then on, it would concentrate on the post-secondary level. I remember quite well that everyone agreed at the conference held in the fall of 1966 that this was a priority and that the federal government should focus on post-secondary education.

At that time, the formula for determining the federal share was that the government would pay 50 per cent of operational costs. It is on this basis that in 1967-68 and the years that followed, the federal government contributed about 50 per cent. However, in 1974-75, the federal share went down to 48 per cent for all the provinces. It then went back up to 57 per cent.

• (1500)

However, these general figures conceal variations between provinces. It was pointed out by Senator Hicks that, in some provinces, we have the paradox of the federal share representing over 100 per cent of total expenses. I do not intend to deal with the other provinces; I imagine that the senators from those regions will be able to analyze the phenomenon more in depth.

I shall simply say that Quebec, for once, or rather once again, as it is an exceptional province, stands out, but this time in an exemplary fashion. It is the only province that has respected throughout the years the agreement or system implemented in 1967-68 under which the federal share was to be kept at 50 per cent. Indeed, for that period alone, in 1974-75, it remained at 50 per cent; in 1975-76, it was 46 per cent and even dropped down to 46 per cent before finally climbing back to 49 per cent in 1981-82.

I do not pass judgement on the way the other provinces have allocated the federal funds they received for post-secondary education, but I wish to emphasize the fact that Quebec cannot be accused of delinquency, to the extent that the use for purposes other than post-secondary education may be considered as some form of delinquency. Since reference was made to delinquency, and Senator Hicks emphasized he would not go as far as saying this was done illegally, I must state there is no formal delinquency because, in effect, the system has so far been respectful of provincial autonomy in the use of funds provided by the Canadian Government, in that matter of clear and exclusive provincial responsibility.

On that subject, I must submit that in spite of what was said during the debate on the bill in the other place, Bill C-12 does not go abusively far. Indeed, Clause 9, under which a new section to the Fiscal Arrangements Act is introduced, provides:

> The Secretary of State shall cause to be laid before each House of Parliament, not later than the fifth sitting day of that House after the 31st day of January next following the end of each fiscal year that begins after March 31, 1984, a report for that fiscal year on
>
> (a) cash contributions and total equalized tax transfers in respect of the post-secondary education financing program applicable to each province;
>
> (b) expenditures by each province on post-secondary education;
>
> (c) any other federal programs of support to or involvement in post-secondary education;

Up to that point, Bill C-12, in my view, creates no problem. At least, I see no problem in collecting data which will clearly show the contribution of other sources of funding for post-secondary education within the provinces, tuition fees, for instance, and federal contributions, and the extent to which they all share in the financing of post-secondary education.

However, it is quite a different story with the remainder of the clause. The following paragraphs of that clause raise the whole question of the federal role in identifying national goals for post-secondary education, which brings me to my fourth and final point.

Reference to that role appears in Clause 9(d), which specifies one of the matters on which the Minister is to report, namely:

> (d) the relationship between such federal contributions, transfers and programs and Canada's educational and economic goals; and

and another in Clause 9(e):

> (e) the results of any consultations by or on behalf of the Secretary of State with the Council of Ministers of Education, Canada relating to the definition of national purposes to be served by post-secondary education and the means by which the governments of Canada and the provinces will achieve those purposes.

Whether such reports are later referred to a Committee of the House of Commons or of the Senate, or to a Joint Committee, is no problem in my view. But, when Senator Hicks spoke on second reading of the bill, I asked him specifically what was hidden behind those apparently innocuous paragraphs that provided only for a report, but what exactly was the hidden intention.

I appreciate Senator Hicks could not answer at that point, but this morning, *Le Devoir* published the clear-cut and emphatic answer from the Secretary of State. Here is the most significant parts of that report from the Canadian Press:

> The current agreements on education will come to an end in March 1985. If, in the meantime, Ottawa and the provinces cannot agree, the Canadian Government will proceed with a bill allowing them to shut down the dollar valve "under certain conditions", as Mr. Joyal stated yesterday.
>
> "We will try to negotiate, but if we cannot agree, we will have to legislate", emphasized Mr. Joyal. He went on to say that Ottawa must "have a presence" in that area, and "monitor the use of its funds".

Another quote, two paragraphs further:

> For years, the federal Government has been demanding that post-secondary education in this country, which is clearly a provincial responsibility, meet four goals: absolute mobility of students across the provinces; freedom of education in their own language for students of linguistic minorities; but above all, Ottawa wants the provinces to restrict the use of those grants to education, and intends to enhance the federal visibility in post-secondary education.

So this Government, if it is still in power in 1985, will legislate to impose upon provinces certain goals it deems essential, even though provinces would not agree, since negotiations would have broken down. In that light, we have to stress the most debatable, not to say unconstitutional, nature of such federal legislation so clearly envisaged by the Secretary of State.

It is because of its spending power that the federal government may pay subsidies to the provinces for post-secondary education, an area which, need I remind honourable senators, comes clearly under the exclusive jurisdiction of the provinces.

Under which conditions can the federal government exercise its spending power while respecting the Canadian Constitution?

Senator Roblin listed them when the Senate had to deal with Bill C-3, namely the Canada Health Act. It might be useful to repeat them. Around 1936, the Privy Council itself ruled unequivocally on this in connection with the Employment and Social Insurance Act. Here is the relevant excerpt which appeared in the Lamontagne Report. On appeal, the Judicial Committee of the Privy Council stated the general principle in this way:

> That the Dominion may impose taxation for the purpose of creating a fund for special purposes and may apply that fund for making contributions in the public interest to individuals, corporations or public authorities could not as a general proposition be denied . . . But assuming that the Dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within Dominion competence.
>
> It may still be legislation affecting classes of subjects enumerated in s. 92, and, if so, would be *ultra vires*. In other words, Dominion legislation, even though it deals with Dominion property, may yet be so framed as to invade civil rights within the provinces, or encroach upon the classes of subjects which are reserved to provincial competence . . . If on the true view of the legislation it is found that in reality in pith and substance the legislation invades civil rights within the Province or in respect of other classes of subjects otherwise encroaches upon the provincial field, the legislation will be invalid.

Until now, as far as I know, there has been no clarification or legislation disclaiming this ruling by the Privy Council. For all practical purposes, this ruling reflects the current Constitutional situation. Surely, legislation such as that which the Secretary of State indicated would impose on the provinces so-called national objectives in the area of post-secondary education would be, in my opinion, completely *ultra vires*. Fortunately, we have not reached that point yet. They are satisfied with raising the possibility of negotiations, of carrying out studies on a possible relationship between federal payments and Canada's objectives in the area of economy, education, etc.

We are faced with the prospect of a government appointed official, which justifies all our fears. That is why that part of Clause 9 is extremely questionable.

These are, in short, the four points I wanted to make. In my view, from whatever angle it is considered, whether it is from the point of view of the 6 and 5 per cent freeze, or the increase in federal grants for post-secondary education, with the whole range of fairly dramatic constraints and dilemmas it will create for the provinces, or the national goals that the Secretary of State has so clearly stated and which are likely to give rise to particular pieces of legislation. Bill C-12 does not solve, to say the least, the problems which it may be purporting to solve. It raises more new problems than it solves, if by any chance it solves any. Therefore, this bill is so contentious and indeed unacceptable that, as far as I am concerned, when second reading debate is over, I will flatly oppose its passage.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, in moving adjournment of the debate, I want to remind you, as I already pointed out yesterday, that Senator Hicks will be absent next week. We have decided or, if you prefer, it was agreed to put the question probably next Tuesday evening. I will then voice some ideas and give some answers on behalf of Senator Hicks.

In moving adjournment, I would like to stress that I will of course be prepared Tuesday evening to give the floor to other honourable senators who would like to speak before I close the debate. If I were to speak today on behalf of Senator Hicks, that would have the effect of closing the debate. I do not wish to do so. I want to stress this fact so that other senators who would like to speak can prepare their speech for Tuesday evening. After that, I intend to close the debate on behalf of Senator Hicks, and then the question will be put.

On motion of Senator Frith, debate adjourned.

[*English*]

• (1510)

ABORIGINAL PEOPLES OF CANADA

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator McGrand:
>
> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;
>
> That the Committee be composed of eight Senators;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to travel from place to place within Canada; and
>
> That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Frith.*)

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, I spoke to Senator Watt about the need to have members willing to serve on this committee before we can go any further with it. I believe he has the undertakings of some persons on this side to serve and he is discussing the

matter with members on the other side. We had some idea that we might be able to proceed with the matter today but since Senator Flynn and Senator Roblin are absent and because of the short notice I gave to Senator Macdonald, I suggest that we deal with the motion next week.

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

Hon. Senators: Agreed.

Order stands.

WESTERN GRAIN STABLIZATION ACT

NOTICE OF INQUIRY WITHDRAWN

On the Inquiry of the Honourable Senator Argue, P.C.:

That he will call the attention of the Senate to the important changes being proposed to the *Western Grain Stabilization Act* so as to make the said Act more responsive to producers' needs.

Hon. Royce Frith (Acting Leader of the Government): Honourable senators, since the other place is proceeding with the legislation on this matter and since there is some question as to whether it is in order to call attention to legislation in an inquiry as distinct from having an order for a pre-study, I think it is best that we withdraw this inquiry. Senator Argue has asked me to ask the leave of the Senate to withdraw the inquiry.

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

Hon. Senators: Agreed.

Inquiry withdrawn.

CANADIAN VETERANS

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE

On the motion of the Honourable Senator Marshall:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues still facing Canadian veterans;

That the Committee be composed of 5 Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than November 1, 1984.

Hon. Royce Frith (Acting Leader of the Government): Since Senator Marshall's new motion deals with the same subject matter as this one, with the exception that the new one involves a reference to a standing committee, I am wondering whether he wishes leave to withdraw this motion.

Hon. Jack Marshall: I would like to wait until Tuesday.

Senator Frith: Fine. That is a safe play.

The Senate adjourned until Tuesday, May 29, 1984 at 8 p.m.

THE SENATE

Tuesday, May 29, 1984

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

Prayers.

POVERTY IN CANADA

PRINTING OF SIXTH EDITION OF REPORT OF SPECIAL SENATE COMMITTEE

Hon. David A. Croll: Honourable senators, today you found in your office the 1984 edition of the Report of the Special Senate Committee on Poverty in Canada. It had just come off the press and it is in both official languages. The report was first printed in 1971 and reprinted in 1972, 1974, 1976, 1980 and 1984 in both official languages, for a total of 28,500 copies. It is indeed a landmark report. It did not solve the problem of poverty, but it has made thousands of people in Canada, who were not poverty stricken, aware of the problem and it has been an inspiration to many. This year's reprint was for 1,000 copies, bringing the total, as I said, to 28,500 copies printed. A thousand copies of the report were given away to government ministries across the country, government departments, libraries, universities and provincial departments that requested copies. Over the years, the report has sold at prices beginning in 1971 at $2, increasing to $3, $5 and $7. The present price is $7.95 and outside this country it costs $9.95. It is the single most popular parliamentary report printed since 1867.

Hon. Senators: Hear, hear.

Senator Croll: More copies of this report have been printed and sold than any other single report in the history of this country. It has made a vital contribution over the years to the relief of poverty, a contribution which has been considerable and noteworthy. It is used as a text book and research document in every university in Canada and has made a great impression on the Canadian people.

The report is the exclusive product of this chamber. It is a combined effort and stands to the credit of the totality of this place and indicates the type of work we can do in a proper environment. Particular thanks are due to the late Senator John Connolly, and Senator Perrault and Senator Flynn who encouraged and supported the study. The original number of members on the committee was 20. Eight members are in this house at the present time, four are retired and eight have passed on. It is appropriate that I inscribe the names of the committee members still in this chamber. They are: Senators Rhéal Bélisle, Eric Cook, Douglas D. Everett, Earl A. Hastings, Elsie Inman, Fred A. McGrand, Herbert O. Sparrow and myself.

This report has stood the test of time by describing as the poverty line an amount that is approximately 50 per cent of the average Canadian family income, adjusted to family size and making provision for inflation and gross national product. It has been widely approved and copied. Moreover, a Member of Parliament, who is a candidate for the Liberal leadership, the Honourable Donald Johnston, has made it part of his interesting platform to combine social assistance programs into one guaranteed income plan. We did not invent the guaranteed income in our report, but 15 years ago we got it off the ground as a social and political movement. We made the idea of it respected, practical and acceptable.

I should point out that in addition to the reports, we have printed more than 10,000 booklets highlighting the major parts of the various reports to send to people who could not afford the expense of the full reports. We ran out of those very quickly.

All in all, honourable senators, it was a good day's work for the Senate. The report which honourable senators have is worthy of placement in home libraries.

After 15 years, one wonders whether the time has come for the updating of the report through new eyes.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

FISHERIES AND OCEANS

PACIFIC FISHING FLEET—BUY-BACK PROGRAM

Hon. Jack Marshall: Honourable senators, I should like to ask a question of the Minister of State for Social Development. My question has to do with his attendance at a meeting late in April on the west coast where he indicated that the government was interested in introducing legislation having to do with the buy-back program of the Pacific fishing fleet. The minister in the other place confirmed that there would be legislation forthcoming, but he did not indicate how soon. Since Senator Austin is involved, can he indicate to this chamber whether we will see this legislation before the end of the session?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I made a statement on behalf of the Minister of Fisheries and Oceans and myself on the Pacific coast salmon industry in which I outlined the new policy approaches which we would be taking. In outlining those

approaches, I said that the Minister of Fisheries and Oceans would introduce a bill in the other place in this session. That bill is being readied; I hope and expect it will be introduced within two weeks' time. I also hope that its treatment will be similar to that afforded by the other place and the Senate to the legislation on the Atlantic fisheries reorganization.

I believe that the Pacific coast salmon industry bill will not be controversial in a partisan way and that members of all parties will want to see it enacted quickly so as to alleviate the very serious financial conditions of fishermen on the Pacific coast.

Senator Marshall: Will the minister indicate if the legislation will be similar to that introduced on behalf of the east coast fishery with regard to restructuring of that fishery? Will it be done on the same basis, and will it involve the CDIC?

Senator Austin: I will be happy to send the honourable senator a copy of my address to the Fisheries Council of Canada at its annual meeting held in Vancouver in April. In brief, the bill will be quite different in the reorganization of the Pacific coast fishing industry. It will not involve CDIC or any other crown corporation, save and except in one particular detail which does not concern itself with the operation of the ongoing fishing industry.

NATIONAL FILM BOARD

GOVERNMENT POLICY

Hon. Hartland de M. Molson: Honourable senators, I have a question for the Leader of the Government. There was an announcement in the press that the Honourable Francis Fox, Minister of Communications, would today unveil the new policy with regard to the National Film Board. I am wondering if that was the document tabled by the Leader of the Government, or whether it has yet come to hand. Would the Leader of the Government make us privy to whatever this policy has been declared to be, because a number of honourable senators are interested in the performance of the National Film Board, particularly as some of us decry the use of public money in producing a film that we consider not particularly elevating, or helpful in presenting Canada to other nations.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not believe that the report that I tabled early this evening is exactly what Senator Molson is asking for, although it is related since it had to do with films and video policy. I believe the honourable senator is correct that there was an announcement that the policy of the National Film Board would be made known today or at least very soon. I will try to obtain a copy for the honourable senator.

VETERANS AFFAIRS

STUDIES RE PHASING-OUT OF DEPARTMENT

Question No. 6 on the Order Paper—**By Hon. Jack Marshall:**

Has the Government of Canada carried out any studies having to do with phasing out the Department of Veterans Affairs and, if so, what are the details?

Reply by the Minister of Veterans Affairs:

No, the Government of Canada has not carried out any studies having to do with phasing out the Department of Veterans Affairs.

COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-4, to amend the Coastal Fisheries Protection Act.

Motion agreed to and bill read third time and passed.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Lapointe, P.C., for the second reading of the Bill C-12, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I mentioned last week, Senator Hicks, who is the sponsor of the bill, is unable to be here this week. He has left me some notes. I will speak on his behalf to close the debate on second reading, but, as I said, I am quite ready to yield the floor to anyone who wishes to speak before I do so.

• (2010)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to say a few words about this interesting bill and make a contribution to what has been, up to now, a curious debate; curious because there seems to have been careful reticence on the part of some who are recommending it to us to acknowledge its main purpose. To be clear, it seems to me its main purpose is to save money.

During the course of this debate we have heard a good deal about other aspects of this bill. There has been a lot of talk about the shortcomings of some of the nefarious provinces and the way they handle the educational grants they receive from the Government of Canada. There has also been some concern about improving the visibility of the federal contribution in this particular field. Of course, the bill does contain a measure to split the various federal grants.

It seems to me the main thrust is clear: It is to save money. It is to introduce the six-and-five régime to the schedule of

federal grants to the provinces for the purposes of post-secondary education.

I do not know, but I think that if there had been a little candour in discussing the financial problems of the federal government in relationship to this bill, some sympathy might have been stimulated in the hearts of some of us who are trying to persuade the government to have a sensible policy for reducing their expenses and the deficit. We might even have approved the ends although we might reprobate the means of achieving an economy in reduced levels of federal expenditures at this particular phase in the life of our country by squeezing the federal grants to post-secondary education. Because that is what this bill does—it squeezes the federal grants to post-secondary education.

This particular trend is not exactly new because, over the past few years, we have seen a move, a quiet, unobtrusive but gradual move toward putting the squeeze on federal grants to post-secondary education. A little while ago, I think it was in 1982, we had the budget of the day which abolished, in a unilateral way, what was called the Revenue Guarantee Formula. If you ask what the Revenue Guarantee Formula had to do with post-secondary education, I would remind the chamber that it was one of the conditions of the formula by which the Established Programs Financing Act operated. The Established Programs Financing Act was one which regulated the transfer of funds from the federal government to the provinces for the established programs in the fields of health, hospitals, medicare and post-secondary education.

We had a rather good committee of the House of Commons which examined the question of these established programs financing arrangements. It went to some lengths to hear representations from a number of people and to analyze the various formulae that were applied to this distribution of federal funds. It made a report to the House of Commons and to the government of the day. Its report included an examination of the Revenue Guarantee Formula and concluded that it was something that ought to be retained because it represented a safety net, and it represented a protection to the provinces in the event of certain things happening with respect to the public finances of the country, which would enable them to approach their task of handling the established programs financing arrangements with some confidence. It was placed in the formula, in the first place, as a result of careful consideration—indeed, as a bargain—between the federal and provincial sides in the argument. Yet we find that this Revenue Guarantee Formula was eliminated unilaterally in the budget of 1982, in spite of the fact that previously a special committee of the House of Commons—a task force—had made it clear that this should not be done, that the revenue guarantee was an essential part of the formula and should be retained.

It had the financial effect of reducing the amount of the transfers by approximately a billion dollars in the first year. Of course, because it was omitted from then on, it had a multiplier effect in the years that followed. Part of that billion dollars, certainly, was at the expense of the post-secondary education financing systems that were in force to support that important aspect of public policy.

Incidentally, I should say—and I regret that Senator Hicks is not here to listen to this since he might have wished to comment upon it—this task force of the House of Commons had something to say today about whether or not the provinces were cheating on these grants. If I can find my place in this parcel of papers I have in front of me, I will share this opinion with the chamber. The members of the task force made it quite clear that they did not think the provinces—in particular, the maritime provinces, to which allusion has been made—had misappropriated or, if that is too strong a word, had been "fudging" the application of the funds that they received from the federal government for health and for secondary education. I will read this little extract because it is apropros to the question. I quote as follows:

> The apparent increase in the federal share of post-secondary education costs was particularly exaggerated for the Atlantic provinces that had earlier selected the $15 per capita option, because an excessive share of the federal transfer was attributed to education by the federal government's use of the 32.1 per cent ratio.

I will come back to the ratio later on. I continue the quotation:

> The Task Force is concerned that this background be understood, and that provincial governments not be unfairly criticized for not doing what clearly would have been irresponsible and irrelevant to attempt: namely to establish in each province targets of 50-50 matching that had earlier prevailed only for national totals, if at all.

I think it is important to point this out, because if I were a provincial politician I might be a bit upset at the suggestion that I had not been playing ball, or, at any rate, had been playing unfair ball with the Government of Canada in the application of these educational funds. I therefore leave that comment with the house because, particularly in view of what I am going to say before I have finished my remarks tonight, I believe that the relationship between the federal government and the provinces in this matter is of some importance.

Regardless of all of that, however, what happened was that the federal government repudiated the revenue guarantee with a consequent effect on educational financing. Now, in Bill C-12, they are adding to the situation. They are compounding the issue. They are proposing that the six-and-five formula be applied to these grants in a retroactive way. This means that, in the first year when the 6 per cent applies, the retroactive factor reduces what would otherwise be paid to the provinces by $118 million, and, in the second year, by $260 million, which gives a total reduction of $378 million.

Hon. Royce Frith (Deputy Leader of the Government): The bill limits it to two years.

Senator Roblin: Yes, but as my honourable friend understands only too well, it not only limits it for two years but it establishes a lower foundation, a lower threshold, a lower formula from now to infinity insofar as these grants are concerned. It has that particular effect, which should be noted

by this chamber. It is not just the effect of years one and two; it is the continuing effect because the threshold has been lowered for all future calculations of this sum.

Each province is affected quite differently, but in my own province—and I am naturally concerned about that—in the first year it is going to cost about $5 million, while in the second year it will cost about $11 million. In terms of the amounts of money we are accustomed to talking about in this place, that does not sound like very much. Let me tell honourable senators, however, that it is important to the three universities of Manitoba and the technical institutes of that province, which also come under the description of post-secondary education. I am, therefore, in a position to say that the effects of this provision will be very real.

• (2020)

Now that we are talking about the six-and-five principle, I made an interesting calculation the other day which perhaps may have some bearing on this argument. I examined the effect, according to the figures released by the government, of the six-and-five on the salaries paid to public servants of the federal government in this country for the first year of the six-and-five policy. During that first year, for reasons which are obvious when you look at them and which need not be detailed here, instead of a ceiling of 6 per cent, the ceiling actually was 9.5 per cent. In fact, the total remuneration for people in this category went up by $700 million and roughly for the same number of civil servants. So the 9.5 per cent increase cost $700 million. If the 6 per cent ceiling had been maintained or could have been maintained, the cost would have been an extra $440 million only, so there is an overage in year one over the 6 per cent formula with respect to the public civil service of the federal government of $260 million. That is more than double the savings the government is going to make by slicing the educational grants for post-secondary education in year one under this bill. If we had been able to hold the line at 6 per cent in respect of the public service wages in this country, there would be no need for this bill. As a matter of fact, we could have increased the grants by giving them the difference, if you want to look at it that way.

I must confess that it is a curious standard of judgment where we find that today it is sound government policy to reduce the grants to post-secondary education. Everywhere we hear the cry that we have a shortage of trained people. Some even go so far as to say that the shortage of trained people in this era of high technology is the greatest threat there is to the Canadian economy. Certainly, there is something to be said for that point of view. Brain power is our greatest natural resource and to an extent it is a neglected natural resource. We know that with respect to our young people between the ages of 15 and 24, the youth generation as you might say, the rate of employment is 18.5 per cent. There are 540,000 young Canadians, about half the people unemployed, who are in the category who might possibly be considered to be the beneficiaries of the post-secondary education system that we have, and might be considered as the people who would be primarily affected by any change we made that would reduce our support to that important public function. The need to train some of our unemployed in this period of high unemployment is well known. We hear the government proclaiming its concern for these jobless young people and, yet, it is slicing some $360 million over two years over what otherwise would be made available for post-secondary education.

Hon. Martial Asselin: We will have a new government of youth.

Senator Roblin: There may be a new government—you can't tell.

It is a curious "hit" list that the government has developed here. The provinces with the highest student population, namely, the maritimes, are on the "hit" list. There is a general rising enrolment in the post-secondary educational system of our country. There has been for some time, but it is still ongoing and all students are on this "hit" list. The students who have trouble finding the wherewithal for their education are certainly on this "hit" list because they would all be paying higher fees and, yet, in this situation we find the federal government backing off to the extent of $360 million over two years in its support. I do not think that that represents a sense of priority that appeals. It does not seem to represent a careful consideration of benefit costs. One is sympathetic with the idea of reducing government expenses, but when there is no serious deficit reducing plan around, and we see these expenses going up or, at least, these deficits being maintained with little reduction over the forecasting future that the government has adopted, it certainly does not seem to me that this hit-and-miss shot at the post-secondary education system is a good idea.

I think it perverse; I think it ill-considered; I think it ought to be changed; I think it ought to be abandoned.

Honourable senators, we are going to have to vote on second reading of this bill later this evening. I suppose that it will pass, but perhaps I am being too pessimistic and ought to hold the view that some honourable senators might be prepared to offer a different judgment from that which government supporters are liable to give this evening. If the bill receives second reading this evening, I understand that there will be a motion to refer the bill to the Standing Senate Committee on National Finance. I think I have a better suggestion than that; I suggest that it be referred to the Special Senate Committee on Youth, of which the Honourable Senator Hébert is chairman. He recommended the establishment of that committee with such eloquence and conviction that he secured the support of the government when he first suggested it. This bill is right up his alley, because if anyone is affected by this bill it is the young people of this country. I wonder if the government would consider whether this bill should be referred to that committee. As a matter of fact, I rather suspected that in view of Senator Hébert's interest in the subject he might have taken the opportunity to recommend that his committee on youth was best qualified by its mandate to investigate the subject of this bill. I think his committee would be well suited to consider the wider implications of this measure on the youth of this country.

I do not know whether that suggestion will appeal to all honourable senators, but I offer it in my usual constructive way and hope that if Senator Hébert has an opportunity to consider the matter he might support the suggestion I have made.

As Senator Kelly and Senator Tremblay have already stated, this bill involves unilateral action and affects every provincial budget, every provincial secondary education institution, whether it be a university or a technical college. If they come under the rubric of post-secondary education, they are going to feel the effects of this bill.

We know that there is also another matter at issue between the federal government and the provinces dealing with the statistics on which post-secondary education financing is calculated. The question of what share of the Established Program Financing grants go to education in each province is one that is far from being agreed upon. The federal government has one set of figures based on one way of looking at the subject and the provinces have another. I predict that that will cause some considerable difficulty in the months ahead.

There is a good case for suggesting that the report of the provincial ministers of finance issued in April of last year dealing with this subject, among other things, be something that could well be taken into consideration. But there has been a new development—and this brings me to the end of my contribution to this debate—in this whole problem. It now appears that there is a trend emerging, at least in the minds of some of the leading figures of the current administration, that this whole matter of federal contribution to post-secondary education is something that has to be re-examined. There has been a definite suggestion, not only by those campaigning in the current Liberal leadership race but by others who are not involved in it, that the federal government has to look at what happens to its money when it is paid to the provinces in respect of post-secondary education.

Forget about the fact that this is within the provincial constitutional realm; forget about the fact that we brought in the block grant system in order to make sure we did not trespass on the constitutional rights of the provinces, but consider the fact that, arising from this measure we have a distinct new development, a new trend, a new line of thought emerging in respect of leaders of the federal administration.

The first hint of this came when Mr. John Evans, a Liberal member of Parliament, offered the suggestion last February that:

> Legislation similar to the proposed Canada Health Act, which would impose financial penalties on provinces for allowing health-care user fees, may be necessary to stop provinces from diverting federal funds provided for post-secondary education to other priorities.

● (2030)

That was a very quiet and muted opening gun. It now appears to be a new way of looking at federal responsibilities for education on the part of the federal government.

[Senator Roblin.]

In the last few days we have had the Honourable John Roberts telling us that a centralized authority at the federal level is needed to co-ordinate post-secondary education. That covers a lot of ground and seems to be a most direct challenge to the constitutional division of powers of this country and seems to be an obvious indication that this federal administration is giving some thought to using the federal fiscal power to impose its view of policy in the field of education on the provinces of this nation. Donald Johnston feels it is high time that disparities in education across the country were addressed. John Munro is calling for minimal standards. Eugene Whelan claims that the provinces have failed miserably in the field of education. You see, the stage is being set for some kind of new initiative on the part of the federal government in this whole matter. John Turner, who, I have to admit, is not a member of Parliament and may never be, but the odds are that he will be—

Hon. Senators: Hear, hear.

Hon. Martial Asselin: Who are his supporters?

Senator Roblin: My honourable friends will applaud a lot more if he becomes the leader of their party and the man who will be responsible for enunciating their policies because he has made statements about imposing federal priorities on education.

This bill is raising in my mind, perhaps in the minds of others and certainly in the mind of Mr. Claude Ryan, whose concern in education is well known, that the government is laying the ground work for some new initiative in this whole field which will bring the power of the federal purse to bear on the provincial realm of policy making in the field of education. Mr. Ryan expressed it very well when he said:

[*Translation*]

> One thing to be avoided is that transfer payments become, in the hands of the central authority, instruments of pressure against or control over the provinces.

[*English*]

Certainly, the cat is out of the bag in the Province of Quebec insofar as this matter is concerned. I think it is something of which we in this chamber would do well to take note, interested as we are in the Constitution, conscious as we are of our responsibility to consider regional interests, conscious as we are of the fact that education is within the provincial area of jurisdiction and conscious as I think we should be that changes are in the wind. It seems to me that if there was ever a reason for delaying the consideration of this measure and if there was ever any responsibility on the part of the members of this house to take the provinces into account in dealing with matters of this kind, that case is one that can be described as Bill C-12. It is for these reasons that I am going to move a six-month hoist. I believe that we require an opportunity to see that these new developments are ventilated in a proper way and to ensure that the provinces have an opportunity to carefully examine this constitutional initiative, as I fear it may prove to be, before it receives too much

momentum or gets out of the starting gate too fast. Therefore, I move:

> That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:
>
> "Bill C-12, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977", be not now read the second time but that it be read the second time this day six months' hence."

Hon. Jacques Flynn (Leader of the Opposition): Go ahead, Steuart, get up. If you have something to say, say it, instead of shaking your head.

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

Hon. Lowell Murray: Honourable senators, I wish to speak to the amendment, unless some members of the government wish to.

Senator Asselin: Who else wants to speak?

Hon. Royce Frith (Deputy Leader of the Government): One at a time.

Senator Flynn: They are the silent partners.

Senator Murray: I would like to take up where the Deputy Leader of the Opposition left off. I shall not cover the ground that he covered so well or the ground covered by Senator Tremblay, Senator Kelly and Senator Hicks, who introduced the bill.

The purpose of my intervention is to place on record some information about established programs financing that I believe needs to be there in order to place some of Senator Hicks' statements in a more balanced perspective. In particular, I refer to Senator Hicks' statements concerning the respective contributions of the federal government and provincial governments to post-secondary education. When Senator Hicks opened this debate on May 9 he referred to a speech that he made in this chamber on February 18, 1982. He made the assertion in 1982 and again when he opened this debate that some of the provinces at least had been riding the coattails of the federal government and had not been providing a fair and adequate measure of support to post-secondary education over the past 10 or 15 years. I suppose that "fair and adequate" are in the mind of the beholder or recipient or, indeed, the donor. In any case, I am not going to quarrel on the basis of such a qualitative description of what has been given by the federal or provincial governments to the support of post-secondary education.

But Senator Hicks said more than that on May 9 and, indeed, in his previous speech on February 9, 1982. He repeated the assertion that in particular three or four of the Atlantic provinces were not granting as much support to post-secondary education as they received from Ottawa. To understand Senator Hicks' argument you have to accept the federal government's assertion—which, until now, has been only an assertion but to which they are now trying to give some legislative legitimacy—that 67.9 per cent of established programs financing—that is, the block funding—is supposed to go to health and 32.1 per cent is supposed to go to post-secondary education.

But where did that allocation formula come from? Is it valid? Is it legitimate? Is it relevant? Honourable senators, that allocation formula is arbitary. It is an arbitrary invention of the federal government. It was of dubious validity in 1977 when they brought it down and it is irrelevant today.

• (2040)

Prior to 1977 when the established programs financing was being negotiated with the provinces, the argument that the federal government advanced to the provinces in order to sell this concept was that block funding for health and post-secondary education would give the provinces increased flexibility in making their program decisions; that block funding would enable the provinces to practice restraint by applying the available funds as between post-secondary education and health and among the different programs in those fields, and that it would give them the flexibility to use the funds as they saw fit in those fields. The record is very clear on this point.

Mr. Trudeau enunciated in June 1976 at a federal-provincial conference of first ministers his five principles for continued federal participation in financing hospital insurance, medicare and post-secondary education. His first principle was that the federal government should continue to pay a substantial share of program costs. The second principle, and I invite the attention of honourable senators in particular to this principle, was that federal payments should be calculated independently of provincial program expenditures. Third, there should be greater equality in per capita terms among the provinces with regard to the amount of federal funds they receive under the programs. Fourth, the arrangements for these major programs should be placed on a more permanent footing. Well, in retrospect, tell that to the people who are trying to run the hospital and medicare programs in the provinces, or, indeed, the post-secondary institutions in the provinces. Some permanence! Some footing! Every time a problem arises the federal government tries to cut back, as it announced it would do in Mr. MacEachen's 1981 budget, and as it is doing now by applying the six-and-five formula to post-secondary education. The fifth principle was that there should be provision for continuing federal participation with the provinces in the consideration and development of policies of national significance in the fields of health and post-secondary education.

At the federal-provincial conference held on December 13, 1976, this is what Mr. Trudeau had to say, and I quote:

> (The EPF proposal) also suits the current and future imperative, namely fiscal restraint, in that provinces will have a greater incentive to implement what are admittedly difficult measures designed to restrain spending in these fields to reasonable levels.

The next day Mr. Trudeau uttered a pithy and important statement at a press conference following the federal-provin-

cial conference, which I thinks bears directly on the accusations being made against the provinces today. He said this:

> Provinces will no longer have to spend a Provincial dollar to receive a Federal dollar.

The Honourable Marc Lalonde, who was the then Minister of National Health and Welfare, at the same conference of first ministers on December 13, 1976, said this:

> Any savings that can be generated by reducing the services would not be shared by the Federal Government since our contribution under Established Programs would not be directly related to program costs.

I think the record is very clear as to the intention of the federal government and as to the understanding of the provincial governments when this block funding arrangement was negotiated between the two levels of government. It was not until after the EPF arrangement—the block funding deal, had been sold, negotiated and agreed to by the provinces as a package, with no distinction between health and post-secondary education, that Ottawa decided to split up the block funding arrangement. It was decided to chop it into several blocks, and send the medicare cheque and the hospital cheque out over the name of the Minister of National Health and Welfare and send the post-secondary education cheque out over the name of the Secretary of State. The provincial ministers of finance and the provincial treasurers were reviewing this history a year or so ago and had this to say:

> —this action and the ratio used were of no consequence to the provinces. They remained unrestricted in their use of EPF funds and in setting their priorities for health care and higher education.

Honourable senators, I may say that this bill does not change that situation. As I have said, it gives some legislative legitimacy to this arbitrary allocation formula and some legislative legitimacy to the party line being taken by the federal government in the struggle for the minds and hearts of the Canadian voter. But the provinces will no more be bound by these allocations after this bill passes—if it passes—than they were before. Then why is it that the federal government purports to split the block funding into these separate components? The answer is that under the Hospital Insurance and Diagnostic Services Act and the Medical Care Act there are certain program criteria, and the Minister of National Health and Welfare has the authority to withhold payments to provinces which fail to meet those criteria.

Thus, in 1977, after having made the package deal with the provinces, the federal government felt obliged to identify part of the block funding as being for hospital insurance and part for medicare in order that it would have some money to withhold. As my authority for that statement, I cite none other than the Deputy Prime Minister, the then Minister of Finance, the Hon. Allan J. MacEachen in his testimony to the House of Commons Task Force on Federal-Provincial Fiscal Arrangements. I quote:

> The authority for making payments under the Hospital Insurance and Medicare programs remains in the Hospital Insurance and Diagnostic Services Act and the Medical Care Act respectively. The original "program criteria" remain in force and the Minister of National Health and Welfare has retained authority to withhold payments from a province if the province's health insurance plan does not satisfy the federal conditions.

I underline the following sentence in Mr. MacEachen's statement for the benefit of honourable senators:

> The basic reason for splitting cash payments among the "established" programs is to provide the Minister of Health and Welfare with an amount which may be withheld from a province.

Thus, honourable senators, it seems very clear on the basis of what Mr. MacEachen has said that the allocation formula—this 67.9 per cent that the federal government says is supposed to go to health and this 32.1 per cent that it says is supposed to go to post-secondary education—had very little to do with the respective needs, real or perceived, of health and post-secondary education then or now.

The allocation formula reflected the federal government's expenditures in those fields in the context of some previous formulae according to somewhat different criteria and on a nation-wide basis, not in any province in particular—not in any province at all, as a matter of fact.

The House of Commons task force made the point in what I think is a classic of understatement in its report of August 1981 when it said the following:

> —interpretations differ as to whether the internal allocation adopted by the federal government (which arbitrarily assigns 32.1 per cent of the EPF transfer to post-secondary education and 67.9 per cent to health) can be taken as dictating an allocation of these transfers on the part of the provinces to those designated programs.

The task force says that interpretations differ—perhaps they do—but I do not think there is much room for doubt that the internal allocation which arbitrarily assigns these proportions, as the task force says, is not binding and cannot dictate to the provincial governments in their program decisions and in their spending decisions.

Just to complete the record, and in fairness, I should say that the task force does believe, would like to see and has recommended that post-secondary education and health portions be separated into individual payments. The task force would like to see that done in the future but it does describe the present allocations as being, and I quote, "notional"—and that is just what it is. So the accusations made on the basis that provinces are somehow not matching the federal government is quite invalid. If honourable senators read the statement made by the provincial Ministers of Finance and Treasurers back in April, 1983, when they reviewed the history of these negotiations, they will see how dubious this so-called allocation is between the two programs. I quote:

● (2050)

> The percentage adopted by Ottawa for post-secondary education was 32.1 per cent, even though total provincial

> spending on this program at that time accounted for only 27.2 per cent. Since that time, cost pressures in the health sector have exceeded those in post-secondary education, reducing this percentage further to below 25 per cent on average with percentages differing somewhat from province to province.

I may say in parenthesis that it serves the purpose of the federal government very well to have this bill that would apply the six-and-five ceiling to the post-secondary education component. It serves the purpose of the federal government very well to insist that the post-secondary education component is 32.1 per cent and not some smaller percentage—because by inflating the portion of the transfer to which six-and-five applies, the federal government increases its savings. We have the old double standard again. Restraint is a fine and noble thing when it is imposed by the federal government, but when provincial governments, as a result of federal cutbacks, try to find ways to limit their spending, then those provincial governments are being reactionary and antisocial.

Hon. H. A. Olson (Leader of the Government): "Distortions" is a better word.

Senator Murray: I beg the Leader of the Government's pardon?

Senator Olson: "Distortions" would be a better word.

Senator Murray: For which of my expressions?

Senator Olson: To describe the ratios between the contributions of the two levels of government. They moved away from what was agreed to in the first instance.

Senator Murray: If the Leader of the Government wants to show me where there was an agreement in 1977 that it would be 50-50 or any other percentage, I would like to see it. I believe there was a commitment on the part of provincial governments to pay the money that they get in the block funding for health and post-secondary education, period. Those allocations are inventions of my honourable friend's government, and they were made for the purposes that I have described in quoting the Deputy Prime Minister, Mr. MacEachen.

In any case, the House of Commons task force on fiscal arrangements has also illustrated how dubious the allocation formula was. I quote:

> Moreover although the allocation formula used by the federal government for EPF reflects the federal expenditure proportions that prevailed nationally in 1975-76, these proportions did not apply to any one province. Significant disparities existed because of differences in post-secondary operating costs across provinces, and consequent disparities in federal contributions. For example, in Quebec over 35 per cent of federal contributions for the three established programs went to post-secondary education in the 1975-76 base year, while in the three Atlantic provinces who chose the $15 per capita system—

That was an option that was open to provinces prior to 1977:

> —barely 25 per cent of the federal contributions were for post-secondary education.

The Deputy Leader of the Opposition, a few moments ago, placed on the record the analysis of the House of Commons task force of some of the unfair accusations that are made against provinces—in particular the Atlantic provinces—as a result of the changeover from one formula to another.

The claim that after the changeover to the new formula the Atlantic provinces in particular should have immediately boosted their spending to somehow match what the federal government said it was doing, is demolished in one sentence:

> Indeed such an induced increase in provincial spending on these established programs would have been contrary to one clear intent of the EPF arrangements themselves, namely to bring about a degree of spending restraint.

There is a great deal of unfair criticism of the provinces for the sake of winning political brownie points, I suppose, on the part of the federal government. Whatever the motivation, it is not conducive to good federal-provincial relations or to the provision of services effectively in any of these fields.

Provincial government treasurers have pointed out how cost pressures in the health sector have exceeded those in post-secondary education. One of the reasons, I suspect, for this is that federal legislation has closed off some of the avenues that might otherwise be open to the provinces for exercising restraint. But if honourable senators accept this arbitrary allocation of the federal government, and the finding that Senator Hicks and others make, that Ottawa is paying 100 per cent, more or less, of the cost of post-secondary education in, for example, New Brunswick, then, by the same allocation formula, honourable senators have to accept that in 1982-83—which is the year to which Senator Hicks referred—Ottawa would be paying only 41 per cent of health costs in that province as against 54 per cent in 1976-77.

If honourable senators believe, on the basis of this allocation formula, and as Senator Hicks indicated, that the federal government is paying 100 per cent, more or less, of the cost of post-secondary education in Prince Edward Island, then they have to believe that the federal government is paying 48 per cent of health costs; and, on a national basis, the federal share of post-secondary education costs would be 51.3 per cent, and of health, 39.5 per cent.

Again, the provincial Ministers of Finance and Treasurers made the point very clearly. I quote:

> The federal government's support of Canada's health system is declining. While federal ministers continue to refer to a high level of federal contributions to post-secondary education resulting from the inaccurate split, they conveniently ignore the steady erosion of federal support for Canada's health system. Even if one were to use the federal methodology, Ottawa's support of total provincial health spending peaked at 47.8 per cent in 1979-80 and by 1982-83 had fallen below 40 per cent.

So, honourable senators, in the context of block funding, as it was conceived, as it was presented, as it was understood, as

it was agreed to by the provinces and the federal government, the fair question, the relative question, is not whether the provinces are applying 32.1 per cent to post-secondary education and 67.9 per cent to health; the fair question is what is the total picture in terms of federal block funding, of provincial contributions to health and post-secondary education, taken together; and if we accept the federal government's definition of what Ottawa's contribution consists of—and I want to say a word about that in a moment—then the federal share of health and post-secondary education in 1982-83 nationally was 42.4 per cent. I have figures for 1983-84 for a couple of provinces. In New Brunswick the share would be 50.5 per cent and in Prince Edward Island, 55.8 per cent.

I wish to take a moment to refer to the federal definition of what its contribution consists of. I believe that something should be placed on the record about this. Honourable senators will be aware that the payment that is made to the provinces consists of the total value of the per capita grant to that province, reduced by the value of the tax room vacated by the federal government in 1977. The question is: Is that tax room vacated in 1977—those tax points vacated in 1977—part of the federal contribution to health and post-secondary education? The federal government, of course, says yes; but, honourable senators, these are taxes levied by the provincial governments on their taxpayers. The revenue is spent by the provincial governments. The provincial governments are responsible, I repeat, for raising the tax revenue and for spending it. They are responsible to their legislatures and to their electors and not, I may say, to the federal government or the federal parliament.

• (2100)

If you do not include the tax room vacated by the federal government in 1977, that is, the taxes that are now imposed by the provincial governments on their taxpayers, then the federal contribution to health and post-secondary education costs across the country was 21.3 per cent in 1982-83. That is the cash payment from the federal treasury for which the federal government is responsible and accountable to Parliament.

Senator Olson: What is the justification for leaving it out? I do not understand that argument.

Senator Murray: It is tax room vacated in 1977. These are income taxes imposed by the provinces on their taxpayers. If my honourable friend were a member of a provincial legislature and if it were suggested to him that, in respect of these moneys, the provincial government was not responsible to the legislature but, rather, to the federal government and to the Parliament of Canada, what would he say?

Senator Olson: That is ridiculous.

Senator Murray: Let me put it another way: During the war, the provinces rented tax room to the federal government.

Hon. Martial Asselin: Be more patient.

Senator Murray: They did not purport to say on that account, that the federal government was accountable to them for the conduct of the war, and the provinces did not continue to count the value of the tax room that they rented.

Senator Olson: This whole speech is a series of distortions.

Senator Murray: The Leader of the Government will have ample opportunity, at second reading—or even at third reading, if he wants to reflect a while, and I hope he does—to deal with the points I am raising.

Senator Frith: If they are worth bothering about.

Senator Murray: I must say that I do not object too strenuously: If the federal government, for the purposes of political propaganda or public relations, wants to claim that these taxes imposed by the provinces on their taxpayers—this tax room vacated back in 1977—are part of—

Senator Frith: It was transferred.

Senator Murray: Transferred—it was vacated. Arguably, there would be double taxation.

Hon. R. James Balfour: He does not even understand the tax system.

Senator Murray: If the federal government, for public relations purposes, wants to claim that this is part of their contribution, that is harmless enough; they need all the help they can get and they are entitled, I suppose, to grab credit whenever they can and wherever they may. The problem arises when the argument is made that the provincial governments should be responsible and should be accountable to the federal government and the federal Parliament for the raising and the spending of this tax revenue within a province by that provincial government.

The federal government is responsible and accountable to Parliament for the cash payments to the provinces that come out of its own resources, out of the federal treasury, period.

Senator Frith: And that is what they give the provinces—what they raise from their own jurisdiction.

Senator Murray: The other night Senator Kelly raised another, not unrelated, point when he expressed a concern about how federal parliamentarians can exercise what he calls "our full fiduciary duty to the taxpayers of Canada by approving block funding arrangements which—as he said, "provide no information on how the funding is used by another level of government." This, of course, is also, in part at least, Senator Hicks' concern.

I understand the concern, but I would say, first of all, that there is plenty of information available. The information is there in provincial budgets. It is there in the public accounts of the provinces. It is there in Statistics Canada as to how money is being spent and on what—health and post-secondary education. But if the concern is that Ottawa does not have enough say as to the detail of how these funds are spent on post-secondary education and health, then this opens up a whole new debate which honourable senators will be glad to hear me say is not a debate for this evening. It opens up a whole new debate about federalism, about respect for our Constitution and for the division of powers therein.

The problem for our country, in terms of the present and future tensions in Confederation, is not that the federal government is making unconditional grants to the provinces; the danger is that the federal government, by the use of the spending power—now, of course, having used it, they threaten to withhold it unless certain conditions are met—will try to exercise more and more influence and more and more power in fields that the Constitution has reserved to the provinces.

Senator Olson: Oh, that is a bunch of rubbish.

Senator Murray: The Honourable Robert Stanfield, Premier of Nova Scotia from 1956 to 1967, reflecting in a speech on May 14, 1984, in Toronto on the experiences in federal-provincial relations during the time that he headed the government in Nova Scotia, talked about the arrangements that were made in those years for revenue-sharing as between the two levels of government. He said:

> Such revenue sharing was essential to the country. We might have adopted somewhat different formulae, but we had no alternative to substantial revenue sharing, unless we had been prepared to centralize constitutional responsibilities drastically in a manner that was no more practical or acceptable in the fifties and sixties than it had been considered a hundred years earlier.

Mr. Stanfield then went on to say:

> Provincial governments, of course, preferred such unconditional revenue sharing—

After all, they have their own priorities, and conditional programs brought in by the federal government tend to destroy those priorities and, in fact, to create financial insecurity on the part of provincial governments when the federal government, some years down the line, decides to pull out of programs or reduce its support for programs that it inveigled the provinces into; but that is another story.

As Mr. Stanfield points out, the federal government prefers conditional grants because, as he said:

> Ottawa naturally likes to get something it wants or believes the country needs, even within areas of provincial jurisdiction. But this use of the federal spending power has usually been an irritation and a concern to the provinces and always been an anathema to Quebec.

A little later, Mr. Stanfield said:

> An unfettered spending power is hardly consistent with a division of powers. I recognize the role jointly developed programs play in our system of government, but the subject of safeguards on the federal exercise of the spending power, which was discussed in the great constitutional-discussion binge we had in the late sixties and early seventies, will have to be resumed some day.

That is quite a different perspective, a more long-headed perspective than that of some other people who think there is a terrible danger in unconditional funding by the federal government and in a so-called lack of accountability on the part of provincial governments to Ottawa for the spending of that money.

Proposed section 24.1 as set out in this bill seems innocuous enough, requiring, as it does, an annual report to Parliament by the Secretary of State on the cash and tax transfers contributed, as the federal government would have it, to post-secondary education, on provincial expenditures on post-secondary education and on other programs of federal assistance in this field. It then goes on to require the Secretary of State to report to Parliament on the relation between these federal contributions and Canada's educational and economic goals, and the results of any consultations between the Secretary of State and the Council of Ministers of Education on these matters.

• (2110)

Senator Tremblay, the other day, flashed an amber light when he saw this. It is little wonder that he did so because, as I say, the clause of the bill to which I refer seemed innocuous enough when the bill passed the House of Commons. On the surface it seems quite harmless. Since that time, however, what have we? We have the statements just placed on the record a few minutes ago by the Deputy Leader of the Opposition, which statements are attributed to John Turner, Eugene Whelan, John Roberts, Serge Joyal—

Senator Roblin: I omitted to quote Mr. Joyal.

Senator Murray: The Deputy Leader of the Opposition omitted to quote the Secretary of State, Mr. Joyal. Senator Tremblay did so the other day.

Within the last few days, however, all of these ministers—or would-be leaders of the Liberal Party, some of them—have gone on record as advocating, in one form or another, increased federal intrusion by the use of the spending power in a field that is reserved to provincial jurisdiction.

Is it any wonder that people—unsuspicious people such as Senator Tremblay—are enormously suspicious? I think that all of these Liberal leadership candidates and ministers would do well to read the arguments made by Professor Pierre Elliott Trudeau in *Cité Libre* in February, 1957, in an article entitled: "Federal Grants to Universities." Although the article first appeared in *Cité Libre*, it was reprinted in the well-known collection of Professor Trudeau's essays entitled: "Federalism and the French Canadians."

Hon. D. G. Steuart: The Tory bible!

Senator Murray: I want to leave on the record one paragraph, for those who so slavishly follow the dictates—

Senator Roblin: Not any more!

Senator Murray: —or at least until June 11 will slavishly follow the thoughts of the great helmsman. This quotation is taken from what Professor Trudeau wrote in 1957, and he put it very well:

> I cannot express it more concisely than F.-A. Angers: 'In general, the Canadian state is not the central government, but the central and the provincial governments taken together—In matters of education the Canadian state is the provincial state, and none other.'

Senator Frith: Hear, hear! That is the very spirit of Bill C-12. Now you've got it!

Senator Murray: I would like to have copies of that article reprinted—

Hon. Joseph-Philippe Guay: I have read it on many occasions.

Senator Murray: —and sent, for their edification, to Mr. Joyal, Mr. Whelan, Mr. Turner and Mr. John Roberts, who have had so much to say latterly, about the use of federal power in a field reserved to the provincial jurisdiction.

Honourable senators, the time is coming for a vote on the amendment of Senator Roblin. Of course, we all want to hear from the Deputy Leader of the Government, who is scheduled to speak. I said earlier that the only fair question to ask of the provinces, in the context of block funding, was whether the provinces are spending funds on health and post-secondary education taken together, as it was understood they would do. The answer to that question is yes. I agree that in the longer term the more important question that we all must ask and answer is whether the so-called tax transfers, the cash from the governments—federal or provincial—and the support from the private sector for post-secondary education is adequate. I take it that Senator Hicks says it is not. I am certain, from what they have said, that Senator Kelly, Senator Tremblay and Senator Roblin firmly believe that it is not. We will wait to hear what Senator Hébert has to say in this regard. I certainly agree that it is not adequate.

Honourable senators, that is a question that we must address, but I say in conclusion that this bill will simply make the financial situation of the universities and community colleges of this country worse than it is. That is a situation to be deplored and that is why I will vote without hesitation for the amendment of Senator Roblin.

Some Hon. Senators: Hear, hear!

Senator Frith: Honourable senators, I am flattered and impressed to think that Senator Murray—and, he says, all honourable senators—are anxious to hear what I might have to say on the subject. I must say that I am tempted to think back to what Senator Nurgitz and I often heard a registrar say to a jury: "So say you all," and I doubt that you do.

In any event, honourable senators, the point of the amendment is that it constitutes a "six-months' hoist," as it is called. Apart from the interventions that were made by Senator Roblin and Senator Murray on the general subject, the spirit of the amendment really is to proceed with the bill not now but six months hence. The only reasons for so doing would be a lack of time in which to consider it, or a lack of consultation, which allegations have been made by the opposition.

Hon. Jacques Flynn (Leader of the Opposition): Well said.

Senator Frith: I think those allegations are unfounded. I think that there has been a great deal of conference, discussion, consultation and debate on this bill. The point of view of those opposing the bill has been canvassed in detail and, I say, with eloquence by members of the opposition in the Senate. I believe that no reason has been shown for the postponement of dealing with the bill at second reading.

Therefore, I ask honourable senators to defeat the motion in amendment.

Senator Flynn: Did you say "ask" or "direct"?

Senator Frith: Let the record show that I said "humbly request."

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Hicks, seconded by the Honourable Senator Lapointe, P.C., that this bill be read the second time.

In amendment, it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Macdonald:

> That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:
>
> "Bill C-12, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977", be not now read the second time but that it be read the second time this day six months hence."

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (2130)

Motion in amendment of Senator Roblin resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Molson
Balfour	Muir
Charbonneau	Murray
Donahoe	Nurgitz
Flynn	Phillips
Lang	Roblin
Macdonald	Tremblay
Marshall	Yuzyk—16.

NAYS

THE HONOURABLE SENATORS

Adams	Leblanc
Anderson	Le Moyne
Argue	Lucier
Barrow	Marsden
Bonnell	Molgat
Cottreau	Neiman
Croll	Olson
Everett	Petten
Frith	Riley
Giguère	Robichaud
Grafstein	Sinclair
Graham	Stanbury
Guay	Steuart
Hastings	Stewart
Kirby	Stollery
Langlois	Watt—33.
Lapointe	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

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

Senator Frith: Honourable senators, as I mentioned earlier, Senator Hicks gave me some notes regarding the points that had been raised last week in this debate. I have paid attention and while some of the points made by Senator Roblin and Senator Murray were not directly dealt with—particularly some of the data and statistics that they have offered—I will not, of course, repeat what Senator Hicks said but will simply share with you the comments he wished me to make on his behalf on second reading of the bill itself.

On the six-and-five guidelines to the transfer of payments relating to post-secondary education spoken to by several speakers, that, of course, as the speakers understood, is the very essence of the bill and constitutes its raison d'être or is very central to it. It should be noted that with the decline in the rate of inflation, the six-and-five limitations do not in fact involve nearly as much of a cutback as would have been the case with a two-digit inflation rate.

I think on that issue the lines are clearly drawn and have been expressed by Senator Hicks and by those opposed to the bill.

Senator Hicks points out that Senator Kelly and others felt that there had been insufficient consultation with the provinces. That, as we will recall, honourable senators, is a criticism which is nearly always made in relation to federal-provincial fiscal arrangements. In fact, unless the federal government at some stage took a firm stand, it is our position that those arguments would never be resolved. Understandably, the provinces have a position and want to be able to restate it as often as possible.

In this instance, however, it should be noted that the Secretary of State entered into discussions with his provincial counterparts regarding federal government objectives in the post-secondary education sector and the most effective ways in which federal funds allocated to this purpose could be used. In order to ensure that these discussions took place expeditiously, the then Minister of Finance, in his budget of 1981, indicated that the government would have to re-evaluate the future of the post-secondary education transfers to provinces if satisfactory progress were not made.

As to the details of the consultation, the Minister of Finance met with the provincial ministers of finance and treasurers in December of 1982 to exchange views on economic conditions and prospects. At that time he indicated he had been informed by the Secretary of State that some progress was being made in discussions on post-secondary education. The Minister of Finance was therefore able to inform provincial ministers that it might not be necessary to introduce measures suggested by his predecessor in 1981. Indeed, he indicated that he would be prepared to see the per capita federal transfers to provinces for post-secondary education increase by six per cent in 1983-84 and by five per cent in 1984-85. This would bring them into conformity with the six-and-five progam and the restraint measures that the government was applying to a broad range of its programs.

So there was advance notice to the provinces that these changes were imminent, and Senator Hicks does not believe that further discussion with provincial ministers would have resulted in any greater acceptance of this proposal.

• (2140)

Senator Hicks points out that Senator Kelly opposed the unconditional block grants which resulted after the 1977 changes in the established program financing arrangements. Senator Hicks wants me to say on his behalf that he has always disapproved of these unconditional transfers and he hopes and expects that the federal government will seek to change the basis of its support by transfer payments for post-secondary education as well as for insured health services.

Senator Murray: Does he say anything about negotiations on that matter?

Senator Frith: I have already covered that.

Senator Kelly's observation that the provinces have not taken advantage of these unconditional block grants is not borne out by the record of some provinces which have not transferred all of the federal moneys in support of post-secondary education to the institutions of higher learning in their provinces. Furthermore, as pointed out in Senator Hick's address on moving second reading, one province, British

Columbia, though receiving additional funds in excess of six per cent and five per cent, is actually cutting back the grants to its universities by something between three per cent and five per cent.

Hon. H. A. Olson (Leader of the Government): But Senator Murray did not deal with that matter.

Senator Frith: Senator Kelly commended the inclusion of section 9 in the bill but objected that it applied for only two years. I think Senator Kelly was mistaken on that point. Section 9 provides for annual reports to Parliament and is an ongoing requirement. The only portion of the bill which is restricted in its application to two years is the 6 per cent and 5 per cent limitations for the years 1983-84 and 1984-85 respectively. There was a suggestion that the provinces have been forced to cut back on post-secondary education. Generally, that is not correct, except for the province of British Columbia previously referred to. It is true, however, that the provinces have not increased their support of post-secondary education to the extent that some of them might have done if they had had greater federal transfer payments.

In view of Senator Kelly's reference to cutbacks on post-secondary education and health care, it should be emphasized that this bill makes no changes whatsoever in the funds transferred in support of health care or insured health services as they are designated in this bill.

Senator Olson: That is correct.

Senator Murray: Except by indirection.

Senator Frith: Finally, Senator Kelly suggests that provision should be made for private sector contributions. Of course, private sector contributions have always been and continue to be possible in support of post-secondary education, but I do not think we should expect federal legislation to make explicit provision for this kind of support.

Honourable senators, I ask for your support for second reading and the so-called "rump" as it has been termed by another is now free to vote.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator Frith: I move that the bill be referred to the Standing Senate Committee on National Finance for study and report.

Senator Roblin: And not the Youth Committee?

Senator Frith: The suggestion was made that we give consideration to sending the bill to the Youth Committee. I gave the matter consideration all during Senator Roblin's and Senator Murray's speeches but reluctantly found I was unable to agree.

Senator Asselin: Are you the one who decides? You are no longer the adviser, you are the chief!

Motion agreed to.

[Senator Frith.]

[*Translation*]

CANADIAN AND EUROPEAN PARLIAMENTS

THE 12TH INTERPARLIAMENTARY MEETING OF DELEGATIONS AT STRASBOURG, FRANCE—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Fernand-E. Leblanc: Honourable senators, I give notice that next Thursday, May 31, 1984, I will call the attention of the Senate to the 12th Interparliamentary Meeting of Delegations of Canadian and European Parliaments held at Strasbourg, France, from March 26 to March 30, 1984.

[*English*]

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—SECOND READING

On the order:

> Resuming the debate on the motion of the Honourable Senator Stanbury, seconded by the Honourable Senator Bosa, for the second reading of the Bill C-11, intituled: "An Act to amend the Currency and Exchange Act".—(*Honourable Senator Charbonneau*).

Hon. Guy Charbonneau: Honourable senators, I shall be brief. Bill C-11 is what is commonly called a housekeeping bill. The Currency and Exchange Act is not the type of legislation about which to get all excited. The dinner tables of the nation will not buzz with the news that this praiseworthy piece of legislation changes the name of the Currency and Exchange Act to "An Act respecting currency." But that is not the only change wrought by this busy little bill. Other matters of much greater import are also tackled. For example, you may have failed to notice this but the Canadian Exchange Fund Account continues to value its holdings at the former official price rather than the market value, which means that the government has not been acting legally for the past six years.

Hon. Jacques Flynn (Leader of the Opposition): What else is new?

Senator Charbonneau: The purpose of this bill is to at least make an honest woman of this government by legitimizing the practice persisted in over the years.

The reason why we never went to valuation according to market value, as Senator Stanbury explained, is that gold prices have been subject to large fluctuations in recent years. Using market prices would have given the illusion of large changes in our reserves, even when no gold was being traded. Also, market prices are not, as Senator Stanbury pointed out, a reliable guide to eventual selling prices.

So there is good reason for amending the existing legislation to permit us to continue legally the practice of valuing our gold reserves according to the former official price. However, this bill also says that "gold shall be recorded at a value determined by the Minister." That means he can put any value he wants on that gold as long as it is less than the current market value. I see there some potential for playing with figures. If the fund is in bad shape financially and wishes to cover up, it can

always value the gold contained in the account at a higher figure than the preceding year and, by so doing, give the misleading impression that all is well.

Senator Olson: Which this government would never do.

Senator Charbonneau: No, I am sure. I would appreciate it if Senator Stanbury would address this concern when he terminates this debate on second reading.

[*Translation*]

With respect to those gold reserves, another question comes to my mind. I would be very grateful if Senator Stanbury would explain to me what protection we have against a wasteful government which would seek to finance its ventures by dilapidating our gold reserves instead of imposing very high tax rates. In short, what prevents the government from selling off all our gold reserves, in principle?

As well, I would like the sponsor of this bill to tell me why the government now feels the need to use the services of an agent. Up until now, the government itself used to sell, lend or buy gold. Why now should it need to make that kind of deal through an agent? Would it be that the government has found that it is one thing, among many others, which it cannot manage to do properly?

In addition, since we are on this subject and Senator Stanbury surely has the answer, could he tell me what they mean in this bill when they say "sell, lend or otherwise deal in gold"? The expression "otherwise deal in gold" has me puzzled. What does this mean exactly? Are we going to be able to get into high risk operations?

I am certain that we are all very happy to see that the amendments proposed in this bill will give official recognition to the current practice of considering the profits made on gold trading as increases in value and of paying them into the Consolidated Revenue Fund over a period of three years as is the case for increases in value resulting from variations in the exchange rate. These provisions agree with the amendments made to the Currency and Exchange Act of 1977 where the distinction was made between net investment income and increases or losses in value and provision was made for transfers to the Consolidated Revenue Fund in such cases where the dealings are abnormal or irregular. Accounting changes have no effect whatsoever on the Exchange Fund Account. The Auditor General has stated that the amendments proposed will resolve the difficulties he had in his recent audits of the Exchange Fund Account.

All this is so exciting and I sincerely hope, honourable senators, that now that you are aware of the clever amendments contained in this bill, the taxpayers will no longer have any sleepless nights to spend waiting for the Government to act to legalize its actions at long last.

[*English*]

Hon. Richard J. Stanbury: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if Senator Stanbury speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Jacques Flynn (Leader of the Opposition): That is really too bad, it was an interesting debate!

Senator Stanbury: Honourable senators, in answer to the questions raised by my colleague I have a remark or two.

● (2150)

The first question he raised was with respect to why the minister is given the power to value gold at any value up to market value. As I understand it, the reason is that the former methods of valuing gold have given way in other countries to this method. This allows flexibility to the minister within the range of values which might be chosen. Thus, it has become an acceptable method of valuing gold in a number of countries and it has been accepted by the Canadian government as being a reasonable method of handling the problem.

With respect to why an agency is used, I believe that can be satisfied by what I thought my colleague would have said for himself, which is that perhaps private handling of these matters is more effective than government handling. Frequently, the use of an agency has been found to be the most effective way of dealing with matters of a commercial nature.

The honourable senator's third question had to do with what was meant by "otherwise disposing of gold". My understanding is somewhat blurred in this respect except for the following explanation I received. There are now very sophisticated ways of handling these dealings, which are partly by sale and partly by loan. They are called "swaps" and involve disposal of gold one day for getting it back the next, or something of that nature. However, there are a number of newly formulated and sophisticated trading measures which have been developed which are not clearly covered by the other categories of trading.

I believe my remarks answer the questions raised by my colleague and, if my reply has been satisfactory, then I move second reading of the bill.

Motion agreed to and bill read the second time.

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

On motion of Senator Stanbury, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CUSTOMS AND EXCISE OFFSHORE APPLICATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Earl A. Hastings moved the second reading of Bill C-16, to apply the customs and excise jurisdiction of Canada to the continental shelf of Canada and to amend certain acts in relation thereto or in consequence thereof.

He said: Honourable senators, on June 29, 1983, a Notice of Ways and Means Motion was tabled in the House of Commons to introduce a number of new customs and tariff measures affecting the offshore. These measures may be summa-

rized as follows: First, the extension of Canada's custom and excise regime beyond the 12-mile territorial limit to a distance of 200 miles from shore or to the outer end of the continental shelf, whichever is farther; second, the elimination of the tariff preferences on vessels and floating structures from Commonwealth and developing countries; third, a reduction of five percentage points in the 25 per cent rate of duty on vessels and floating structures used for drilling; and, fourth, the clarification of the tariff classification of vessels and floating structures.

These measures, which came into effect on a provisional basis the day following their tabling, constitute the customs and tariff aspects of the new offshore policies announced by the government on January 6, 1983. They are designed to fill a vacuum in Canadian law and to enable Canadian manufacturers to compete fairly and equitably in supplying goods for the exploration and development of Canada's offshore resources.

Almost all oil and gas exploration activity on our continental shelf has taken place outside the 12-mile territorial limit and, until June 30, 1983, was not covered by our customs and excise laws. When the level of resource activity on the shelf began to increase, Canadian manufacturers found that in many cases they were not able to compete with foreign suppliers because many of these suppliers were dumping their goods or offering them at subsidized prices in this area.

In order to help rectify this undesirable situation and to exercise an element of our economic sovereignty over the offshore area, it was decided that Canada should extend to its offshore area the customs and excise legislation which applies to importations within the 12-mile limit.

Of course, careful consideration was given to the international implications of this action. Let me assure my fellow senators that the extension of the customs and excise regime is, in the government's view, fully consistent with international law and our international rights and obligations. Similar action was taken by the United States over 30 years ago and, insofar as we are aware, has never been seriously challenged.

The economic effect of applying duties and taxes to goods used in the offshore was carefully reviewed. While it was recognized that this action would increase offshore exploration costs, it was concluded that other factors, such as interest rates, oil and gas prices, and the supply and demand for offshore equipment, would have a much greater impact on the level of exploration activity. Furthermore, most of the increased exploration costs attributable to the new duties and taxes are offset by grants under the Petroleum Incentive Program and by tax concessions.

Extension of the customs regime should significantly enhance the ability of Canadian companies to supply some of the $1 billion worth of capital goods which it is estimated will be required each year for the next decade in the offshore. Without these measures, Canadian shipbuilders and other Canadian manufacturers would likely find it difficult to win many of the contracts for equipment and other goods used in the offshore. The extension of customs jurisdiction means that these suppliers will have the protection of regular duties, and also of anti-dumping or countervailing duties in cases where dumped or subsidized imports are causing them injury. With these measures in place, it is estimated that about $3 billion worth of installations and vessels required over the next 10 years for use in the offshore will be built in Canada without the need for additional government support. Customs jurisdiction extension should also result in increased Canadian sourcing of other goods used in the offshore.

• (2200)

This bill also amends the Customs Tariff to give effect to the customs and tariff aspects of the new coasting trade and shipbuilding policies announced by the government on January 6, 1983. It does this by eliminating the tariff preference on vessels and floating structures from Commonwealth and developing countries, reducing to 20 per cent the 25 per cent on duty on vessels and floating structures used for drilling and clarifying the tariff classification of vessels and floating structures to ensure that they are not entered under lower duty rate provisions covering machinery and apparatus.

In conclusion, I would like to state that the proposed Customs and Excise Offshore Application Act has received strong support from a number of industrial sectors, in particular the shipbuilders. It has also received strong support from members of all political parties in the other house. I hope that honourable senators will concur with my view that the measures contained in this bill are essential if Canada is to exercise economic sovereignty over resource related activities on the continental shelf, and that they provide an environment in which Canadian industry can compete on a fair and equitable basis with its foreign counterparts.

Honourable senators, I am asking my colleagues to join me in giving approval to this important piece of legislation.

Hon. Lowell Murray: Honourable senators, the government has not heard the last of this. In rising to move the adjournment of the debate, I simply express the hope that Senator Hastings will be here to face the music when the debate resumes, and not simply leave his notes with Senator Frith, as happened earlier this evening in the case of another bill and another honourable senator.

Hon. Duff Roblin (Deputy Leader of the Opposition): Senator Hastings reads better than Senator Frith, anyway.

On motion of Senator Murray, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 30, 1984

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

Prayers.

RULES OF THE SENATE

BREACH OF RULE 16(A)

Hon. Hartland de M. Molson: Honourable senators, before we deal with the business before the Senate, I should like to call the attention of the Senate to the fact that we are not paying any attention to one of our rules of procedure, namely, rule 16(a).

While I am no longer chairman of the Standing Rules and Orders Committee, and while I find rules rather boring, as the rest of you do, I think that unless we observe them to some extent the whole procedure in the Senate will suffer. So I call your attention to the fact that yesterday on three separate occasions rule 16(a) was ignored by members of the Senate. Rule 16(a) provides:

> When the Senate is sitting, (a) senators shall not pass between the Chair and the Table;

I think that traditionally and historically, in order to protect the person of the incumbent of the Throne, it was established that no one should pass between the Mace and the Throne.

NATIONAL FILM BOARD

GOVERNMENT POLICY—CORRECTION OF STATEMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to correct a statement I made yesterday in the chamber in response to a question raised by Senator Molson. Senator Molson asked whether or not a document I tabled yesterday entitled, "The National Film and Video Policy", was indeed the one referred to by the Minister of Communications. On verifying that after we adjourned yesterday, I found that that was the report to which Senator Molson referred. I simply state that now so that the record may be clear.

PRIVATE BILL

THE WESLEYAN CHURCH OF CANADA—FIRST READING

Hon. Richard J. Stanbury presented Bill S-15, to provide for the creation by amalgamation of The Wesleyan Church of Canada.

Bill read first time.

Senator Stanbury, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

YOUTH

FIRST REPORT OF SENATE SPECIAL COMMITTEE PRESENTED AND ADOPTED

Hon. Jacques Hébert, Chairman of the Senate Special Committee on Youth, presented the following report:

Tuesday, May 29, 1984

The Senate Special Committee on Youth presents its

FIRST REPORT

> Your Committee, which was appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age, in obedience to its Order or Reference of April 10, 1984, recommends that the quorum of the Committee be four members.
>
> Respectfully submitted,

JACQUES HÉBERT
Chairman

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

Senator Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

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

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Your Honour, am I to understand that we are being asked to give leave to consider it today?

Hon. Jacques Flynn (Leader of the Opposition): That is right.

Senator Roblin: We have not read it yet, so I think it should be considered tomorrow.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the only difficulty with that is a practical one. In view of the short time-frame for work of the

committee between now and the summer adjournment under the present rules, the committee would like to have the opportunity to present its draft budget to the Standing Committee on Internal Economy, Budgets and Administration.

Hon. Jack Marshall: That committee meets tomorrow.

Senator Frith: That is right, and that is why if we wait to deal with it until tomorrow, the meeting of the committee will have taken place in the morning by the time we reach this order tomorrow afternoon. Yesterday when Senator Hébert was not able to be here to table the report we had spoken of having it done at the next sitting, namely, today. Since it is being presented now, if the Senate wishes to help the committee on the basis of presenting its budget to the Internal Economy Committee, then we would have to deal with it later today.

Senator Flynn: There is a shorter explanation. Don't spoil your chance.

Senator Frith: The shorter explanation deals with the length of the report which, as read by the Clerk, is quite short and we might have a chance to look at it between now and later this day.

Senator Flynn: The substance of the report is that it recommends that the quorum of the committee be four members.

Senator Roblin: Honourable senators, my leader has been provided with a copy of the report now, and I have had a look at it. Normally, I do not think it is sound practice to consider reports that have not been distributed to honourable senators so that they may at least read what they are supposed to be voting on and talking about; otherwise, it leaves this chamber in an invidious position. Looking at this report, I see that it contains four lines of no great significance. If the mover is prepared to read the lines aloud so that we can all hear him, I think we can pass judgment on his proposition.

Senator Hébert: Honourable senators, the first report reads as follows:

> Your Committee, which was appointed to examine, consider and make recommendations on the problems and issues facing Canadian youth between 15 and 24 years of age, in obedience to its Order of Reference of April 10, 1984, recommends that the quorum of the Committee be four members.

Senator Roblin: What has that to do with the budget being presented to the committee?

Senator Frith: Until that report is made and the committee has had its organization meeting to deal with many other things—this report deals only with the quorum—it cannot present its budget to the Internal Economy Committee on the basis of present procedures.

Senator Roblin: I am not prepared to argue with Senator Frith, but I find that quite unconvincing.

Senator Frith: I have found that my batting average on convincing Senator Roblin is not particularly high anyway.

[Senator Frith.]

Senator Roblin: When my friend is right, he has no trouble with me. When he is wrong, that is when he runs into difficulties.

Senator Flynn: It is not the same thing trying to convince the opposition as trying to convince your own side.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Senator Marshall: Honourable senators, I should like an explanation as to how the quorum of four members is broken down between the parties? Is a quorum of four provided for in the rules, or is it a figure manufactured as the deputy leader sees fit?

• (1410)

Senator Frith: Honourable senators, I had nothing to do with the establishment of the quorum. I did have something to do with the discussion with the opposition on how large a committee this should be in view of difficulties experienced in manning committees.

The total number of senators appointed to the committee was lower than normal, so it was on that basis that I assume the committee picked a quorum of four. Honourable senators, so far as the rules are concerned, there is no breakdown and the quorum may consist of all government or all opposition supporters plus the chairman. The membership of the committee is usually so divided, but it is not the custom to divide the quorum on a government-opposition basis.

Hon. Hartland de M. Molson: What about the independents?

Senator Frith: So far as the quorum is concerned, it is the same story for independents; except, occasionally, in the case of joint committees, the quorum is not divided on the basis of government or opposition supporters.

Senator Marshall: In other words, there has been a change in the rules. Matters concerning youth affairs were to be added to the responsibility of the Standing Senate Committee on Social Affairs, Science and Technology. That has been ignored, and the Special Senate Committee on Youth has been formed. Under the rules, committee quorums were set at another figure.

Hon. John M. Godfrey: Four.

Senator Marshall: It has been changed. I should like to have confirmation of what Senator Godfrey has just said, that is, that a quorum can consist of four members. Does that apply to every special committee?

Senator Frith: A committee will be entitled to meet on the basis of the presence of a quorum of four.

Senator Godfrey: My recollection is that when we reduced the size of the committees, we established that the quorum for a standing committee should be four. The same situation applies to special committees.

Hon. Jacques Flynn (Leader of the Opposition): Aren't you lucky to have the support of Senator Godfrey?

Senator Frith: My biggest asset is my good luck!

Motion agreed to and report adopted.

QUESTION PERIOD

[*Translation*]

CANADIAN SPORTS POOL CORPORATION

APPOINTMENTS

Hon. Martial Asselin: Honourable senators, my question is directed either to the Leader of the Government or to the other minister, Senator Austin, who just happens to be with us today.

Hon. Jacques Flynn (Leader of the Opposition): He is now and then.

Senator Asselin: Yes, now and then. My question has to do with the patronage system within the Canadian Sports Pool Corporation which comes under the Minister of State for Fitness and Amateur Sport, the Honourable Jacques Olivier.

It would seem that appointments made within that corporation went mostly to people who have been friends and supporters of the party in office.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Unlike in Ontario where they are all opposition people.

[*Translation*]

Senator Asselin: For instance, we have learned that one Jean-Guy Berthiaume, the former president of Mr. Olivier's riding association, has been given the Canadian Sports Pool Corporation distributorship for the Montreal region. It was certainly not sheer coincidence either that one of the appointees was Mrs. Marie-Andrée Bastien who used to be Mr. Lalonde's executive assistant; his former organizer, Mr. André Latour, was picked to be the Canadian Sports Pool Corporation Director General in Montreal. More revelations today would seem to indicate that this procedure has been systematically followed throughout Canada because, if I check the appointments in British Columbia—and that might interest my colleague, Senator Austin—Mrs. Dorice Talmy has been appointed manager of the sports pool for that province.

Senator Flynn: I do not know her.

Senator Asselin: Until recently, she was the president of the Women's National Commission of the Liberal Party of Canada. And then, in the same province, the management of the corporation appointed Mrs. Hendrickson who, until last Friday, was special assistant to Liberal Senator Austin, our colleague.

Senator Flynn: Ah!

Senator Asselin: Perhaps it was not pure coincidence either that those appointments were made. Mr. Ian Howard, former party public relations director and executive assistant to Minister John Munro in 1970, was put in charge of publicity.

Considering that this policy on the part of Mr. Olivier has raised some concern among Canadians generally, and particularly among supporters of the Liberal Party who certainly do not want to have anything to do with a shameful patronage system such as the one now used within the Canadian Sports Pool Corporation, could the Leader of the Government or Senator Austin enlighten us?

[*English*]

Perhaps Senator Austin could tell us if he has recommended his assistant executive to the Minister of Amateur Sports for the nomination she got last Friday. I would like to know whether he did make that recommendation.

[*Translation*]

I would also like to ask the Leader of the Government what are the required qualifications. How were the appointments made? Were the positions publicly advertised through the Department of Manpower and Immigration as they should have been? It seems to me that there are supporters of the Conservative Party and of the NDP who could also be looking for work. If next week the Deputy Leader of the Government is good enough to table the list of those who were appointed by Mr. Olivier or one of the ministers sitting in Parliament, this could perhaps throw more light on the procedure followed by the Canadian Sports Pool Corporation.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): We are trying to learn it all from Ontario's Big Blue Machine. We will learn in due course.

Hon. H. A. Olson (Leader of the Government): I hope that all honourable senators have grasped the significance of the expressed consideration of Senator Asselin, which is the most unusual assessment I have ever heard. He would seem to indicate that the only consideration of someone's merit or competence to do a job depends on his political affiliations of the past.

Senator Asselin: That is so in this case.

Senator Olson: While that might be the standard for his party, he should realize that we do not have the expertise in that regard that his colleagues have demonstrated.

Senator Frith: But we are trying to learn!

Some Hon. Senators: Oh, oh!

Hon. Jacques Flynn (Leader of the Opposition): Smile, at least, when you say that; don't say that with a straight face.

Senator Olson: Senator Asselin should also realize that perhaps some degree of competence and expertise may come about because of the intelligence displayed in a person's political participation in the past.

Senator Frith: Hear, hear!

Senator Flynn: That was well said.

Senator Olson: The honourable senator should also understand that a competent person is not disqualified simply because, in the past, he may have given some support to a particular minister. My friend probably does not understand that. It seems amazing to me that that is the only criterion that enters his mind insofar as appointments are concerned. I can assure him that this party does not operate on that basis.

Senator Flynn: Oh, oh!

[*Translation*]

Senator Asselin: Honourable senators, the Government Leader's reply is ridiculous. I do not think that he is being serious when he gives this kind of answer. If he is really convinced that these appointments were based on competence and expertise, could he tell us about the qualifications of these people? What are the fields of competence or expertise that had them appointed to these positions so easily?

• (1420)

[*English*]

Senator Olson: That can be demonstrated. I do not have it with me at this moment, but I can tell the honourable senator that they are not disqualified because of the reasons he has given. But obviously that is foreign or unfamiliar to him.

Senator Asselin: I would ask the Leader of the Government if he can produce a list of members who have been appointed by the Minister of Fitness and Amateur Sport. Can he do that for next week, and could he table it?

Senator Olson: If it exists, perhaps that could be done. I am sure the honourable senator understands that such appointments are a matter of judgment, and he may not agree with the reasons, anyway. Obviously the government has to take responsibility for the competence of the people it supports—and that, of course, we do; and over the years that competence has proved to be at a very high level.

Senator Frith: Hear, hear.

Hon. Richard A. Donahoe: Look at the Senate!

[*Translation*]

Senator Asselin: I have a supplementary question. If the Deputy Leader of the Government is unable or afraid to produce that list, he might produce the list of the Conservative supporters who have been appointed.

Some Hon. Senators: Oh, oh!

Senator Asselin: He might find this easier. For that matter, the Honourable Jacques Olivier has claimed that he had appointed also a number of Conservative supporters. The Leader of the Government might find it easier to table the list of Conservative appointees.

[*English*]

Senator Olson: I am afraid I lost the significance of that question. If the honourable senator is trying to argue that by being a supporter of the Conservative Party it increases their competence and expertise, then I completely disagree with him.

Senator Frith: But it is no handicap.

Senator Asselin: Perhaps the Leader of the Government will answer my question: Did he recommend the name of his executive assistant to the Minister of Fitness and Amateur Sport?

Hon. Jack Austin (Minister of State for Social Development): Thank you, Senator Asselin. The truth is that Bev Hendrickson, who was my special assistant in Vancouver, and who began employment with the Sports Pool Corporation this week, was an employee of Loto-Canada before she joined my staff. She sought to go to the Sports Pool Corporation. That was not in accordance with my desire and, in fact, I suggested to her that she should stay on my staff. I did not recommend it, but I did not stand in the way of her going, either. She has been a valuable member of my staff and I am sorry to lose her.

Senator Asselin: That was not my question. Did you recommend her—

Senator Austin: I said that I did not recommend her.

Senator Asselin: —to anyone?

Senator Austin: I did not recommend her to anyone, but I did not stand in her way. She found the job on her own.

The Hon. the Speaker: Delayed Answers.

[*Translation*]

SALE OF TICKETS

Senator Flynn: Mr. Speaker, I do not feel you should end too soon this phase of our operations, which is very serious, as everything else we do here in this House.

I would like to know either from Senator Austin or the Leader of the Government, the results to date of the so-called Sports Pool? I would be curious to know how many tickets have been sold for the first draw.

This information would be interesting, because we know the Government has suggested that the lottery was for connisseurs only, people who know how baseball operates. It was not primarily a matter of luck, but rather knowledge of baseball.

[*English*]

Senator Olson: The required competence and expertise to do the job.

[*Translation*]

Senator Flynn: This is what I would like to know: How many tickets have been sold, so that we may generally assess the intelligence of that segment of the Canadian public this lottery is very specifically aiming at?

[*English*]

Senator Olson: I do not have the actual number of tickets that have been sold, although I expect we can obtain the numbers up to a given date.

Senator Flynn: That is what I want.

Senator Olson: Honourable senators will realize that tickets are being sold continuously and, therefore, that we will have to specify a given day, such as today.

[*Translation*]

The Hon. the Speaker: May I now call the Orders of the Day, Senator Flynn?

Hon. Jacques Flynn (Leader of the Opposition): This is rather a matter of judgment, Mr. Speaker.

[*English*]

CURRENCY AND EXCHANGE ACT

BILL TO AMEND—THIRD READING

Hon. Richard J. Stanbury moved the third reading of Bill C-11, to amend the Currency and Exchange Act.

Motion agreed to and bill read third time and passed.

CANADA-UNITED STATES TAX CONVENTION BILL, 1984

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government), moved the second reading of Bill S-14, to implement a convention between Canada and the United States with respect to taxes on income and on capital.

He said: Honourable senators, I shall begin by giving some background on something which has become, I suppose, axiomatic. It is so long since this particular convention has been throughly reviewed that we might not remember that the objective of such a convention is to avoid double taxation . The basis for that double taxation is that in the absence of any such convention there is nothing to prevent any jurisdiction from taxing either its residents on the basis of their income from abroad or foreign residents on the basis of income in their jurisdictions. Until such conventions were put into effect, Canadians who earned income in the United States had to pay tax on it in the United States and then, because they were residents of Canada, they also had to pay tax on exactly the same income according to Canadian tax laws. Of course, the same situation but in reverse was true for residents of the United States earning income in Canada. That is why the whole process of tax conventions, and the Senate has had occasion to deal with them with reference to countries other than the United States, arose. The two taxing authorities get together and agree about how to avoid such double taxation.

The particular bill before us, of course, does not attempt to invent the system for avoiding double taxation but merely brings up to date and puts into effect a review that has taken place to implement the double taxation convention between Canada and the United States. The implementing legislation is found on pages 1 and 2 of the bill. The bill is divided into two main parts. The second part deals with the convention, and "convention" is not to be confused with leadership convention but merely means agreement. When you and I agree it is called an "agreement"; however, when nations make agreements they are called "conventions". In a sense, the use of the word "convention" is really just a high class expression for the word "agreement".

● (1430)

The second part of the bill deals with the convention itself, which, in turn, is an agreement to update the earlier convention. Pages one and two of the bill are the operative parts implementing the convention.

The amending protocols, which is another term for the formal expression of a convention or agreement between nations, are found in Schedules I to III of the bill. The bulk of the bill deals with the protocols, or the actual expressions of the updated convention between the two countries. The implementing legislation does not contain a clause allowing the Governor in Council to give effect, by order, to future changes to the convention.

Canada-United States fiscal relations are presently governed by a tax treaty which was signed in 1942—some 42 years ago. Therefore, the potential for double taxation has not been in existence for a long time. I am sure it is clear to everyone that a tax treaty which has not been changed in more than 40 years needs to be modernized, even though most would agree it has been a useful instrument over the years. Thus, the big, bulky part of the bill before honourable senators will replace the 1942 treaty.

The convention is a balanced instrument which addresses a broad range of issues and problems affecting a significant number of individuals and corporations on both sides of the border. The new agreement before us has been under negotiation for some ten years.

I should like now to briefly highlight some of the points found in the bill which honourable senators might want to consider on second reading. The bill provides that the maximum rates of withholding taxes on non-residents may not exceed 10 per cent on direct dividends, patent royalties and technical know-how payments and 15 per cent on portfolio dividends; that is, dividends on stocks and bonds and other investments, interest and periodic pension payments. Under the existing treaty the withholding tax rates on non-residents are generally 15 per cent. Copyright royalties and certain interest payments are exempt from the withholding tax.

Income or profits from immovable property, or real property, including natural resource royalties—an important inclusion—may be fully taxed in the country where the property is situated. Gains arising on the disposition of certain property may also be taxed in the country where it is situated. In view of the fact that the treatment of capital gains represents a significant change from the existing convention, since tax on capital gains is relatively recent in our country, special rules are also included to avoid the disruptive effect of this change on investments existing at the time of signature of the convention.

The convention also contains a number of other important provisions, some of which I will highlight for honourable senators. The scope of the exemption for international transportation profits is extended; social security benefits will be exempt in the country in which they arise and only one half of their amount will be subject to tax in the country of residence

of the recipient; and the deduction for contributions by a resident of one country to a university or charitable organization in the other country will be liberalized.

Special problems affecting border workers will be addressed. A good example of border workers would be those people who live in Windsor and work in Detroit, and vice versa. The two-year exemption for visiting teachers will be removed.

That listing, honourable senators, is not intended to be comprehensive but gives, I hope, an indication of some of the highlights and the types of issues that are dealt with in the convention.

Honourable senators, the convention will enter into force only after it has been ratified, and it will be generally applicable for the withholding tax on the first day of the second month following the date of ratification, and for other taxes on the—

Hon. Jacques Flynn (Leader of the Opposition): What do you mean by "ratification"?

Senator Frith: I was about to mention that. Perhaps I could finish my sentence first—and for other taxes on the first day of January following the date of ratification.

Honourable senators, as I understand the law in the two countries, in the United States a treaty does not take effect until it is ratified. In our country it has been the custom for the government to report to Parliament on treaties, but formal ratification is not required. The point where Parliament normally becomes formally involved in a treaty is when it is to be implemented, if it is to be implemented. So I am using "ratification" in the special sense of ratification in the United States, and implementation by Canada.

Senator Flynn: That is what I wanted you to clarify, that when you were speaking of "ratification", you were referring to what happens in the United States.

Senator Frith: I intended to do that. By way of digression, we have had a few problems about that. There have been, let us say, unsatisfactory experiences regarding ratification of treaties involving fishing rights, for example, but I doubt that that will be a problem here. Being concerned about the word "ratification" myself, as was Senator Flynn, I asked the question. My advice is that the United States is likely to be in a position to ratify the convention very soon, and it is important that Canada also be in that position soon, and therefore I commend this bill to favourable consideration on second reading.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I shall not detain the chamber long in offering a few observations on this bill, except to say by way of introduction that it is, in my opinion, a good idea that technical bills of this sort and complexity be introduced first in the Senate, not because we are more able to comprehend them in this chamber than they are in any other, but because our committee system gives us a good opportunity to examine the details at some length.

[Senator Frith.]

Second reading of a bill is intended to deal with the principles involved in that bill. If the principle of this bill is the regulation and, indeed, the minimization of double taxation between Canada and the United States, then it is a principle that I can certainly subscribe to. To that extent, therefore, there is no difference of opinion between my honourable friend and myself.

However, what is really in the bill is unknown, at least to me. The bill consists of 64 pages and has a large number of clauses and, besides the subjects mentioned by my honourable friend, it covers a great deal of other matters. To form any judicious opinion as to the merits of these various clauses is not something that can be done in a day.

However, our committee system will allow us to send this bill to, I presume, the Standing Senate Committee on Banking, Trade and Commerce and, at that time, that committee may call its own independent experts to examine both the accounting and legal implications of what is in this document. I operate on the assumption that that will, indeed, be done.

The second thing that our committee can do is to arrange for interested parties—and there must be quite a number of those—who want to make some comments about this bill with a view to making changes for the better, or even to delete some matters. That, I presume, will also be something that the committee will be expected to do. That means, of course, that there is no likelihood of our dealing with this matter in much of a hurry. It is too complicated and minute in its application for that. Therefore I hope that my honourable friend does not expect to get this bill back from committee in a day or two. It will certainly take some few weeks, I would suspect, to really digest what is in the bill and form a suitable opinion as to its contents.

● (1440)

However, that is the normal procedure in respect of a bill of this kind, and I expect that there will be no problem.

I should like to make a comment or two on ratification. I am pleased that my leader raised this point because that is something the Parliament of Canada is going to have to take increasing note of in that that involves the interests of the United States Congress as opposed to the administration. We have had a number of unhappy experiences whereby under our system we have committed ourselves without reservation to the implementation of an agreement between our two countries, such as that dealing with the east shore fishing problem that has already been referred to, only to find that the United States administration could not deliver. With the increasing interest Congress is taking these days, particularly in matters relating to economics or taxation, we can expect that this bill will receive careful scrutiny by the United States Congress as well as by our own Banking, Trade and Commerce Committee.

While this bill is not the kind that will create very much local pressure—which is usually the situation one finds oneself in down there when one cannot get international agreements

through—it is not beyond the bounds of possibility that we might run into that problem.

If this bill is referred to committee, I will ask what the status of the bill is in the United States.

If that can be answered now, that would be better. It has been approved by the administration, no doubt. Has the United States administration any advice to give us as to what the attitude of Congress might be, because I would not want to labour on this during the summer months, if we are called upon to do so, to find that that labour was in vain. Perhaps these are matters that are more speculative than real at the moment, but they do represent a consideration which we must not lose sight of.

With those comments, I am prepared to support second reading of this bill.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): I was about to ask the same question to know just what happens to the bill, what are the chances that the American Congress might pass legislation as we do. I also wanted to point out that ratification does not exist in Canada. In our system, however, a convention or a treaty comes into force without parliamentary sanction, provided no law or amendment to the existing legislation is required. That is why in certain cases—for instance, treaties concerning boundaries which did not require legislation—those agreements were approved by the government without parliamentary sanction. They were not ratified by the United States, in accordance with their procedure.

In a case such as this one, it becomes necessary to legislate because this bill changes the Income Tax Act. Parliament must give its approval since the law is amended to meet the provisions of the convention. The remarks of Senator Roblin were very relevant indeed precisely because this bill amends the Income Tax Act. I am not quite as pessimistic as he is about ratification of this convention by the American Congress since it is in their own interest. It has no electoral or partisan connotations as may have been the case with treaties concerning borders or fisheries on the east or west coast. That was a bit different. It is a complex piece of legislation which serves the interests of both parties and does not raise contentious issues.

[*English*]

Hon. Stanley Haidasz: Honourable senators, if I may be permitted to ask a question of Senator Frith, I should like to know whether he can tell us how long this tax convention between Canada and the United States will be in force? Is there a time limitation on it?

Also, does this treaty extend to the Possessions of the United States, such as the Virgin Islands and Puerto Rico?

Senator Frith: Honourable senators, as far as I am aware, this convention effectively replaces the current convention and will be in force until amended, just as the current one is.

As to Possessions, my understanding is that this is an agreement between two countries dealing with their taxing authority, wherever that authority exists and, therefore, would cover the possessions of the United States, wherever they may be and wherever such taxing authority is exercised.

Honourable senators—

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

Senator Frith: Honourable senators, as Senator Roblin pointed out, this is the type of bill that should be referred to a committee for study, particularly the second part of it, and I propose to move that it be referred to committee if it receives second reading.

On the question of ratification, the information I have been given is that, as has been suggested, there is no question about the fact that a treaty that has been negotiated over a period of ten years has the approval of the administration in the United States, but, as Senator Roblin and Senator Flynn have pointed out, that does not necessarily mean that it has the approval of Congress.

The information I have is that the inquiries made regarding the status of the treaty and its likelihood of ratification were made with Congressional leaders which, to some extent, confirms what Senator Flynn has said. I assume that those inquiries were made by our representatives in Washington. By way of parenthesis, our current ambassador to Washington is the author of a text on treaty-making power which I recall studying for my diplôme d'études supérieures en droit. It deals exactly with this subject.

In any event, I hope that that answers the concerns raised by the Honourable Senators Flynn and Roblin at this stage.

As I said, I am going to move that the bill be referred to committee and perhaps at that time the officials can give us more detailed information on how it stands in terms of ratification, as well as some explanations as to the details of the convention.

So, honourable senators, I ask for your support on second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Frith: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce for study and report.

Motion agreed to.

PRIVATE BILL

THE WESLEYAN CHURCH OF CANADA—SECOND READING

Hon. Richard J. Stanbury moved the second reading of Bill S-15, to provide for the creation by amalgamation of the Wesleyan Church of Canada.

● (1450)

He said: Honourable senators, I should like to make a few remarks because I think the history of the church is important and interesting. The purpose of this bill is to provide a legislative framework under which two churches, the Pilgrims Holiness Church of Canada and the Wesleyan Methodist Church of America in Canada, may amalgamate their corporate structures.

A brief explanation of who your petitioners are would seem to be called for, and, if I do say so myself, the origins of these churches are a fascinating mirror of historical events for the past two centuries in the English-speaking world. Both these bodies find their roots in the Wesleyan revival that swept England under the leadership of John and Charles Wesley in the years following their conversion to Christ in 1738. Both Wesleys were ordained priests of the Church of England and it was not their intent to originate another denomination. However, the major portion of those touched by their proselytizing were from the lower working class, unlettered and unchurched. Largely rejected by the Church of England, the Wesleys and their followers formed "methodist societies," a name derived from their methodical approach to the instruction of their converts. The methodist societies maintained some connection with the Church of England until the death of John Wesley in 1791, after which they organized under the name of the Wesleyan Methodist Church. At that time England was experiencing the beginnings of the Industrial Revolution. Some historians have gone so far as to credit the moral, political and social reforms that arose from the Wesleyan revival with saving England from the blood bath that was the French Revolution.

A religion of the people, methodism was active in missionary outreach to the American colonies. Following independence, the Methodist Episcopal Church was formed in the United States. In 1839 a large anti-slavery group within the church made representations against slavery at the general conference and was expelled from the conference by the bishops. This group formed the Wesleyan Methodist Church of America in 1843, notable for its adoption of its congregational rather than episcopal self-government.

In Canada, methodism was introduced from two sources. First, it came across the border with the arrival of the United Empire Loyalists following the American Revolution. They formed the Methodist Church of Canada, which ultimately became a founding church of the United Church of Canada. Secondly, English missionaries arrived representing the Wesleyan Methodist Church of England. Your petitioner, the Wesleyan Methodist Church of America in Canada, was thus the third wave of methodism to come to Canada. Its missionaries arrived to carry out their evangelical duties in the Ottawa Valley in the early 1890s, and the resulting church was incorporated 50 years later by private act of the Parliament of Canada in 1944.

Your other petitioner, the Pilgrims Holiness Church of Canada, is an heir to the "holiness movements" associated with early methodism in the Wesleyan Methodist Church of America and its growth in the pioneer camps. Out of the "holiness movements" arose many independent churches and groups, the growth of their numbers increasing inversely with the decline in emphasis on "holiness" in the mother church. Later, many of these independent churches and groups, all Methodist in doctrine and tradition, were to convene and merge for their mutual support and growth. One denomination that emerged was the International Holiness Church based in Agusa, California, a church whose doctrine continued to emphasize the evangelistic and holiness aspects of historic methodism. In Canada, the International Holiness Church fathered congregations principally in western Ontario. These were incorporated by letters patent under the Companies Act of Canada in 1920. The International Holiness Church in the United States having become the Pilgrims Holiness Church, the Canadian church became, in 1928, the Pilgrims Holiness Church of Canada.

In 1968 the Wesleyan Methodist Church and the Pilgrims Holiness Church voted to merge, both in the United States and in Canada, into one Wesleyan Church. The ecclesiastical merger was consummated immediately, but for various reasons the legal perfection of the merger in Canada has had to wait until 1984. The bill before you today is the legislative measure necessary in order to allow the merger to take place in law.

Honourable senators, I now turn to the contents of the bill. This bill is not a very complicated one. It begins by providing that the petitioners may amalgamate. The reason that Parliament must so provide is that the laws of general application now in force do not contemplate an amalgamation between a company created by private act of Parliament and one created by letters patent under the Companies Act. The remaining provisions simply provide for the objects, capacities and powers of the new corporate entity, its membership and management, its bylaws and its rights and obligations as a successor company. You will appreciate that these provisions must fuse the traditions of the church in these matters, as set out in a manual entitled *The Discipline of the Wesleyan Church,* with the normal requirements of law for the protection of members and the public.

Since this is a private bill, it will be necessary for a Senate committee to examine the allegations of fact set out in the preamble. In addition, the committee will no doubt want to review the text of the bill. I would propose, therefore, if second reading is granted, to ask that the bill be referred to the Standing Senate 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?

Senator Stanbury moved that the bill be referred to the Standing Senate Committee on Legal and Constituional Affairs.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

On the Order:

Consideration of the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented in the Senate on 22nd May, 1984.—(*Honourable Senator Godfrey*).

Hon. John M. Godfrey moved that the report be adopted.

He said: Honourable senators, this report deals with an order which was purported to be passed under the authority of section 2 of the Agricultural Products Marketing Act. Section 2 of that act provides as follows:

> The Governor in Council may by order grant authority to any board or agency authorized under the law of any province to exercise powers of regulation in relation to the marketing of any agricultural product locally within the province, to regulate the marketing of such agricultural product in interprovincial and export trade—

The fifth report of the committee reads:

> The provincial Farm Products Marketing Act, R.S.Q. c. M-35, makes provision for the regulation of the marketing of wood products in the Province of Quebec. The purpose of the Order under Report is to grant to the provincial marketing boards concerned powers to regulate the marketing of wood in inter-provincial and export trade similar to those they already exercise in relation to intra-provincial trade.

You will note that although it is the Agricultural Products Marketing Act, they purport to give the authority with respect to wood. The report goes on to say:

> Your Committee has considered the various definitions of "agriculture", "agricultural", "agricultural product", "farming operation" and "farming products" in the Shorter Oxford English Dictionary, Jowitt's Dictionary of English Law and Black's Law Dictionary. None of these definitions supports the view that wood or wood products are agricultural products.

Your committee also considered a series of statutes which are listed in our report. None of these federal enactments are forestry products expressly treated as products of agriculture.

• (1500)

The report goes on to read:

> On the basis of the foregoing dictionary definitions, of the definitions which appear in other federal Statutes, many of which are *in pari materia,* and in light of relevant judicial decisions, your Committee is satisfied that the ordinary grammatical meaning of the expression "agricultural product" does not include wood and wood products and that, consequently, the Governor in Council does not have the power, pursuant to Section 2 of the Agricultural Products Marketing Act to grant to provincial marketing boards authority to regulate the interprovincial and export trade in wood.

We wrote to the minister about this, and he replied saying he was prepared to consider the advisability of amending the act in a manner suggested by the committee. We wrote and said this should receive high priority and be done immediately because they were operating under an illegal regulation. In his reply, the minister reiterated his previous assurance but indicated his intention to delay the introduction of such an amendment until the need for other amendments to the act had been evaluated.

That is exactly the same attitude the minister displayed regarding the fourth report to which I spoke recently in this chamber. In other words, he has not specifically admitted that it is illegal, but it is quite obvious that it is. Everyone knows that wood is not an agricultural product; however, the minister thinks the regulation serves a useful purpose and therefore the fact that it is illegal is irrelevant.

Hon. Jacques Flynn (Leader of the Opposition): You will never get that kind of commitment from a Liberal minister.

Senator Godfrey: I must say that I was somewhat surprised at the lack of publicity with respect to the illegal activities of the minister as disclosed in our report. With the exception of one article by Richard Doyle in the *Globe and Mail,* the press completely ignored our fourth report. Our committee does not have the power to force the government to do anything; the only real power we have is the power of publicity, and when we point out that somebody is operating, admittedly, illegally—

Senator Flynn: They don't care.

Senator Godfrey: —in a country that is supposed to be governed by some rule of law, you would think it would be of some interest to the press and to the people of this country. However, with the one exception I have mentioned, obviously there does not seem to be any interest in the press.

As I pointed out in my last speech, we made the practical suggestion that if the minister wanted to have it amended expeditiously—and we have no quarrel with him as to the object of the regulation—he can introduce a bill in the Senate. As we have said, the upper chamber is an eminently practical place to introduce minor legislative amendments of a technical nature that are non-controversial and do not involve the expenditure of public moneys; but nothing has happened.

I noticed in the paper today some reference to the Magna Carta. One of the provisions of the Magna Carta, which was passed many centuries ago, is that we operate under the rule of law. We are governed by laws and not by individuals. By carrying on illegally like this, they are contravening even the provisions of the Magna Carta, let alone the Charter of Rights and Freedoms.

Hon. David Walker: How right you are!

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think that two propositions were placed before this chamber on a previous occasion with respect to problems of this sort. The first was that the Leader of the

Government in the Senate or his deputy could introduce a bill in the Senate on his own hook. I was under the impression that the deputy leader rather liked that idea; at least, he smiled when I suggested it and intimated by a wink or a nod that he might take it up with his colleagues to find out if it was possible.

The second proposal was that the chairman of the committee could submit a bill on his own in this matter as a private member's bill, because it seems to me it might well qualify for that action if the government will not do the work on it.

Senator Flynn: Of course, Senator Frith will adjourn the debate.

Senator Roblin: He will adjourn it, but we do not know when we will hear from him again. I am sure he will have plenty of opportunity to consider the matter.

This situation reminds me of the functioning of the Senate in the Commonwealth of Australia because in that Commonwealth the Senate has a peculiar responsibility. It has the responsibility of dealing with all "orders in council" of the kind my honourable friend, the chairman of the committee, is talking about. The Senate in Australia has the power to deal with these orders and, if it wishes, to annul them. Every one of those delegated pieces of law-making authority now exercised in an untrammelled fashion by the bureaucracy, aided and abetted on this occasion by the minister, that body of delegated powers to make laws which, in Canada, entirely escapes the notice and power of Parliament—sometimes not the notice but certainly the power—in Australia comes before a properly constituted—dare I say it—"elected Senate," elected in the Commonwealth of Australia. That, to me, is a very considerable improvement over the situation we have in this country, and I cherish some hope that perhaps we may in due course—not tomorrow or even the next day—find that this Senate is clothed with similar legitimacy in terms of its law-making functions and similar authority to preside over this vast proliferation of delegated legislation which is, in effect, law-making by the bureaucracy. I do not know, but there may be 10,000 orders in council in the life and time of the present administration, perhaps more.

People ask me: What happens in Australia when the Senate has a responsibiity of examining all this delegated legislation? Does it not result in a chaotic situation with nothing being done and the works being jammed up because they do not like what the ministers and bureaucrats are doing in the way of making orders in council?

The Australians are sensible people, and I dare say that we would be just as sensible if we were in the same position. The answer to the question is: No, the Senate of Australia does not use its powers in some irresponsible manner to interfere with the proper and legal operations of government, which include the use of orders in council to run the country; that does not happen. In fact, my information is that only on one occasion, at least in recent times, has an order in council been rejected by the Senate.

Senator Godfrey: Not one has been rejected since 1971.

[Senator Roblin.]

Senator Roblin: Not since 1971. Well, there is someone over there who knows what he is talking about. I think that is good.

Hon. Jack Marshall: It is a presumption.

Senator Roblin: It is a safe presumption on this particular point.

Senator Marshall: I doubt it.

Senator Roblin: My honourable friend is too harsh. In any case, I am going to presume that my honourable friend is right, that not one has been rejected since 1971. You may ask: How come? The answer is very simple: When orders in council appear on the horizon, which do not appear to be appropriate or have the sort of defects my honourable friend is complaining about now, the Senate takes the opportunity to let the author of this order in council, the minister responsible, know that if it comes to the Senate in that form, it may be subject to some debate, it may be objected to and it may be rejected. The ministers in Australia are sensible people and they respond constructively—which is more than we can say for our ministers—to that possibility. They make sure that the order in council which might be regarded as dubious is cured before it is presented to the Senate for approval.

That has to be a distinct advantage over our way of doing business in this country. It has the advantage of making sure that unsatisfactory orders in council are changed before they have a chance to do any damage or before they have a chance to break the law, as is the case in this instance. That has to be considered a plus. On the other hand, it places every one of those pieces of delegated legislation, which, in one respect, are the subversion of Parliament, before a properly elected body constitutionally empowered to handle them. The result is that they become no longer delegated legislation in the sense that we know it, but legislation which has in fact received the imprimatur of an elected parliament, the Parliament of Australia.

Honourable senators, that is more than I really intended to say when I rose to speak, but I could not help but share that interesting piece of information with those to whom it may be new. Apart from that, I think we have to have recourse to the good offices of the Leader of the Government in the Senate or his deputy to have a bill brought before us which will cure this matter. I am sure that can be done expeditiously and without any problem. It will receive support here on both sides of the chamber and could even, perhaps, be slipped into the mill in the other place and receive similar treatment there.

When my honourable friend adjourns this debate, as I understand he is going to do, I hope he will give serious consideration to this proposal which has been made to him.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in moving the adjournment of the debate, with your permission I want to mention that I agree there is similarity between this and the other report, and in furtherance of my undertaking regarding the earlier order I had an appointment with the Minister of Agriculture today.

Unfortunately, he was otherwise engaged and I have nothing to report as a result of that meeting.

• (1510)

I can only say to honourable senators that I am going forward with my undertaking to discuss this with the government and to get a reaction to the suggestion that was made in both the earlier report and this one to introduce a bill. I hope honourable senators will consider these two orders as being joined. I shall report further to the Senate in due course.

On motion of Senator Frith, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF STANDING JOINT COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Fourth Report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented in the Senate on 8th May, 1984.—(*Honourable Senator Frith*).

Hon. John M. Godfrey: Honourable senators, I should like to point out—or confess—that I neglected to move the adoption of this report when I last spoke to it. About half-way through my speech, I said I would move the adoption of the report. I understand from the Table that it is in order for me to do so now. Therefore, I move the adoption of this report.

Hon. Duff Roblin (Deputy Leader of the Opposition): Are you referring to Order No. 5?

Senator Godfrey: Last week, when I spoke to the fourth report of this committee, I neglected to move its adoption. All I want to do now is move the adoption of that report.

Hon. Royce Frith (Deputy Leader of the Government): It does not appear in the record that you moved the adoption of the report?

Senator Godfrey: That is right.

Senator Frith: Honourable senators, this order stands in my name. I understood, when Senator Godfrey rose to speak to it, that his purpose was to move the adoption of the report. I moved the adjournment of the debate on that understanding. If any procedural correction is required, perhaps we can agree to it now.

Senator Roblin: Perhaps we can just have the record corrected.

The Hon. the Speaker: It is moved by the Honourable Senator Godfrey, seconded by the Honourable Senator Neiman, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Senator Roblin: Your Honour, I think that that will get us into a little trouble. I would suggest that the Deputy Leader of the Government simply ask the Table to correct the record so that it shows what was intended.

Hon. Jacques Flynn (Leader of the Opposition): The order will then stand in the name of Senator Frith.

Senator Frith: Your Honour, for some reason last week, when Senator Godfrey spoke to what now appears as Order No. 5, he overlooked moving the adoption of the report. I think we simply need to be sure that the record indicates that he intended to so move, and that such a motion was made. If all honourable senators agree we can move to the next order.

Senator Flynn: This means that the order stands today.

Senator Frith: The order stands today, but there will be no deficiency as a result of the motion for adoption of the report not having been made.

As Senator Roblin has suggested, let the record show that this has been corrected.

Hon. Senators: Agreed.

Order stands.

STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF FIRST REPORT OF STANDING COMMITTEE—DEBATE ADJOURNED

Hon. Gildas L. Molgat, Chairman of the Standing Committee on Standing Rules and Orders, moved the adoption of the first report of the Standing Committee on Standing Rules and Orders which was presented on Thursday, May 10, 1984.

He said: Honourable senators will recall that on February 7 the Honourable Senator Sparrow proposed a motion concerning the Standing Senate Committee on Agriculture, Fisheries and Forestry and the work that was before it. There was some discussion at that time which largely revolved around the question of whether the committee could hear witnesses without having a specific reference to do so.

I understood it was the view of the Senate that that possibility should be extended to all Senate committees. It was recognized that the Agriculture, Fisheries and Forestry Committee, in particular, had done this in the past. In most cases when it happened the circumstances were such that a group of agriculture producers happened to be in Ottawa appearing before a committee of the other place. It was felt that, if they had something useful to say to the Senate committee and since they were here in any case, they should be heard. The question was: Does the committee have the right to hear such witnesses?

The matter was then referred to the Standing Committee on Standing Rules and Orders.

Simple as it may have appeared, it did not turn out to be quite so simple when we started to look into the details. There were five meetings of the full committee and two meetings of the steering committee on the subject, much to the surprise of all of the committee members, who thought the matter could be dealt with quickly.

The problem that arose was one of precedent. The committee could not find any simple wording by which to recommend to the Senate a change in the rules, which wording would not,

in our view, create additional problems in terms of establishing precedents and possibly leading to abuse at some point.

Therefore, in order to protect the Senate against a rule that could be embarrassing in future, the recommendation of the committee is not to change the rule but to follow what is recommended in our report, that is, that the Senate adopt a motion with specific reference to each session allowing, for the purposes of that session only, that persons who are visiting the national capital region be heard by any committee on a matter that is already within the ambit of that committee. The Standing Committee on Standing Rules and Orders does not seek to change the Rules of the Senate.

There was a second element with which the committee did not deal because it was felt to be a budgetary matter which properly belongs to the Standing Committee on Internal Economy, Budgets and Administration.

Therefore, this committee's recommendation, as it appears in the report, is not to change the rule but simply to have a motion passed by the Senate empowering committees to hear witnesses if they are in Ottawa and if there are no additional expenses involved.

On motion of Senator Godfrey, debate adjourned.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on 31st January, 1984.—(*Honourable Senator Macdonald*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Order No. 9 stands in the name of Senator Macdonald. I believe that Senator Stanbury mentioned to him, as he did to me, that he would like to speak to this order today. Is that satisfactory, Senator Macdonald?

Hon. John M. Macdonald: That is perfectly satisfactory, yes.

Hon. Richard J. Stanbury: Honourable senators, I very much appreciate the opportunity to make a contribution to this important debate.

Since the days when I studied constitutional law under the great Bora Laskin and learned the practical side of constitution building from Sir Allen Aylesworth, who was, at one time, the Canadian counsel on the Alaska boundary dispute, I have had a fascination with the difficulties of Canada's constitutional structure.

The Senate gave me the opportunity of chairing the Special Senate Committee on the Constitution during the years 1978 and 1979 and of chairing the subcommittee of the Lamontagne committee, which, in 1980, again dealt with recommendations for the reform of the Senate.

[Senator Molgat.]

• (1520)

It has been a matter of regret for me that the recommendations contained in those reports have never been acted upon. Nevertheless I entered with optimism into the proceedings of the Special Joint Committee of the Senate and the House of Commons on Reform of the Senate in 1983. Unfortunately an untimely illness prevented me from completing my tour of duty as a member of that committee and I was not able to participate in the formation of its recommendations.

However, I have continued to mull over our needs as a nation, made more complex by our federal structure. Recently, I have begun to understand that my experiences of the last 10 years in working with democratic political parties in various parts of the world, and in my efforts to promote our export trade, have added urgency to my search for solutions to the weakness of our federated parliamentary system. I have realized that we cannot go on like this. We must find a way of getting our act together. Our international customers and international friends are puzzled to find that we have 11 sets of trade policies and laws, frustrated to find that we have as many non-tariff barriers between provinces as we have with our trading partners, confused by the plethora of ministers who visit them with competing demands, and nonplussed by the conflicts and overlaps in our laws.

It would be sad enough if these circumstances only caused consternation to our foreign friends, but when they are the principal cause of our relative standard of living dropping from second to eighth place in the world, it means we are frittering away our general prosperity and the individual well-being of our people.

It may be trite but it is true that Canada is the most fortunate land in this world. With huge resources, access to the best of technology, an educated and inventive work force, the finest program of social security, a rich multicultural and linguistic heritage, we really have no excuse for not being leaders in the world.

Our only drawback is that we have never learned to work together. Part of the reason for that is that the institutions through which we express our federalism encourage confrontation rather than co-operation. Mr. Pearson's idea of "co-operative federalism" was a good idea, but the institutions were not there to make it possible.

There is nothing very much wrong with our Constitution. The powers are divided between the federal and provincial governments. There is some overlap and trading back and forth of functions and powers, and disagreements on legalities are settled either government to government or by the Supreme Court of Canada. But that is a very negative way to approach co-operation. Settling the legalities does nothing to bring about co-operation and national unity of purpose. What is needed is some institution in which we can come together for the purpose of co-operating, for the purpose of respecting each other's values and priorities, and through statesmanlike efforts, causing them to coincide into a national direction and force.

I believe that the Senate can be that kind of an instrument for the Canadian people—not because the individual senators will be saints, but because, if we construct it properly, that will be the mandate for which the people will hold them accountable.

My purpose is to show that there is a need in Canada for a forum in which the policies of both the central government and the provinces can be discussed with regard to their effect upon each other, and how they will enhance the standard of living of Canadians in general—the thesis being that the lack of such a forum is one of the main reasons why Canada has fallen behind other western nations in economic activity, when it should be setting the pace, bearing in mind its great wealth in natural resources and the opportunities for employment which should be produced by such wealth.

The conclusion is that rather than establish a new institution which would have responsibility for intergovernmental affairs, the existing Senate should be restructured and given a specific mandate to deal with federal-provincial relations. The Senate would become the focal point for the day-to-day ongoing relationship between the provinces and the central government.

In a recent book, Professor H. G. Thorburn argues that Canada has been severely hurt, both with regard to its internal economy and its international trade position in recent years, because of the lack of an effective institutional mechanism through which both the provinces and the central government could co-ordinate policies, especially in the economic sphere. He compares Canadian performance particularly with that of West Germany and peripherally with that of Japan, and concludes that the intensive economic planning that occurred, combined with the willingness to carry out these plans, contributed greatly to the increased economic influence of these countries during the period following the Second World War. He concludes that a new institution should be developed in order to deal with this dilemma in Canada. However, there is no reason why his thesis and analysis, which are supported by others, cannot be used as the basis to recommend that an existing institution be reformed so that it can review and co-ordinate policy in areas affecting both provincial and federal governments.

A need for planning is obvious as the national and provincial economies become more and more interwoven in a web of interdependence. Effective planning would at least ensure that the efforts of one level of government do not frustrate those of the other.

It should also be recognized that there is a definite need for the federal government to take a strong lead in financial matters. This was even recognized in the report of the Task Force on Canadian Unity, in which it was stated:

> We see the essential role and responsibilities of the central government . . . to control the major instruments of economic policy, to oversee interprovincial and international trade, and to stimulate economic activity within the federation. In addition, because the resources and economic advantages of Canada are not spread evenly throughout the country's ten provinces, the central government must be in a position to assume equitable benefit sharing for all Canadians. This means that it must have a responsibility for combatting regional disparities, establishing appropriate minimum standards of living for all Canadians where appropriate, and redistributing income between individuals and between provinces.

While the economy seems to be the main area where more effective consultation and co-operation between the provinces and the central government would show an immediate benefit, there seems to be general agreement among the commentators that an institution has to be found within which all currents of opinion can be expressed during the policy-making process, with the institution also contributing to the achievement of compromise.

Perhaps the problem or dilemma is best stated in the writing of Professor R. M. Burns, when he states:

> The rapidly increasing complexities of modern political economy make the continuation of the present struggle (between the provinces and the central government) a luxury the country could do without. Our attempts at co-ordination in the fields of fiscal and economic policy have been singularly slow and unsuccessful. We have made little progress since the ideas of co-operative federalism first began to be discussed.

I believe that the Senate can be restructured to reduce federal-provincial legislative conflict and at the same time to encourage common legislative action toward national objectives. The challenge is to explore the nature of Canadian federalism to discover whether such an institution would be a positive building block in the construction of the future of our nation.

The definition of Canadian federalism, which I submit most closely approximates the political situation in Canada today, is advanced by Professor Richard Schultz:

> Since the end of World War II, Canada has evolved to the point where its dominant characteristic is no longer that of two levels of government separate and co-ordinate—rather, what we have in Canada . . . is a system of separate levels of government sharing power.

With this as the operative definition of federalism, it should be axiomatic that there be an institution to facilitate the mechanics of "sharing power" as well as to resolve difficulties which may arise. However, the structures of the central government which were originally designed to give the regions a voice in the central government's policy-making process have not functioned effectively. As well as the Senate not playing its regional representation role, the political party system, because of intense party discipline, militates against MPs setting out regional concerns in the House of Commons, even though they may express them strongly, but privately, within their regional and national caucuses. The electoral system allows a party to form a government without representation from significant areas in Canada, and this results in a lack of significant regional representation in cabinet.

● (1530)

Even with the appointment of senators to cabinet positions there is a public perception that representation of regional interests is lacking in government. Coupled with this failure is a growth of power and influence by the provincial governments which has, through decentralization of power, restrained the central government from establishing a national consensus in areas where it is needed the most.

It is also realistic to conclude that no matter what changes to the system are implemented, they will not replace the Federal-Provincial Ministers' Conference. This is because of the attendant publicity it affords to all participants, especially the provincial premiers, the major point for them being that they are portrayed as equals with the Prime Minister in public bargaining sessions. However, the first ministers might be free to put this prestige to more constructive use by agreeing on national objectives if another institution were there to support and advance their positive effort.

The type of co-ordination of policies between governments which has to take place, especially in economic fields, can best be accomplished by the utilization of an existing institution. A Senate reformed in such a way that it does not lose its ability to provide the sober second thought on legislation seems to be the most practical and may eventually be the most effective solution.

A review of the most recent proposals for Senate reform, that is, a reformed appointment process, or a Bundesrat, or indirect election as proposed in Bill C-60, indicates that they do not result in an institution which can deal effectively with federal-provincial relations. Any process by which senators are appointed affects the legitimacy of the institution to act effectively on important legislative matters. I have come to the conclusion that it is too late in the day to expect the appointment process to give senators an adequate mandate to represent the people of the provinces and territories.

The Bundesrat type of proposal for reform is probably the most attractive to the provinces. It would allow the provincial governments to send delegates to Ottawa who would have input into federal legislation affecting the provinces. However, it is obvious that such a Senate would become an entrenched opposition to the central government. Those who oppose the Bundesrat idea have accurately characterized it in our parliamentary federation as a "House of Obstruction." The Bill C-60 proposal would result in both federal and provincal political parties being represented in a new second chamber but the chances are slim that one party would ever have a majority. The Bill C-60 model is fraught with difficulties. Its powers are not strong enough to require the views of the regions or the provinces to be seriously considered. There is a problem of a lack of continuity of membership which would probably lead to a lack of consistency in dealing with legislative matters. Finally, it is argued that it would be by-passed by the provincial governments who will still want to present their own positions directly to the central government. While recognizing that countries such as Germany and Australia use institutions outside Parliament for a great deal of their federal-provincial negotiation and co-ordination, it is my submission that the resolution of these conflicts in Canada can best be accomplished within the structure of the central Parliament. It is more feasible to adapt an existing institution to new purposes than to create a new institution to preform the federal-provincal negotiation functions.

It is my proposal that the Senate be elected. One half of its members would be elected at the time of provincial elections, with the other one half of its membership elected at the time of a national election. This should provide a chamber which reflects the views of both the provincial and national electorates.

The members will be elected on the basis of proportional representation under a system similar to that used in Australia. While the political parties in each election would have the opportunity to put their candidate on the ballot, voters will be allowed to rank their preferred candidates. The ability of voters to indicate their preference for a particular candidate or candidates will lessen the impact and influence of political parties on the election and avoid the perpetual election of the senior candidates of each party, as happens in Europe.

I share the opinion of the joint committee that constituencies should be established in a province. This would protect the rural voter from being submerged under the votes of the more populous urban areas. It would also allow for the representation of minority groups. The fact that the provincial members of the Senate would be chosen at the time of the provincial elections would militate against the involvement of the national political parties and favour the participation of the provincial political parties. The provincially elected senators might each represent a constituency composed of a number of provincial ridings. The federally-elected senators might each represent a constituency composed of a number of federal ridings. This special relationship to the legislators elected to the lower house in each case would enhance their contact with the region and their ability to represent it.

It might also be presumed that provincial premiers, aware of their close party connection with a number of provincially elected senators would see the system as a reasonable compromise between a chamber of which all members are provincially elected or appointed and a chamber of which all members are federally elected or appointed. Senators would hold their seats through two elections—normally eight to 10 years in the event of majority governments—or a minimum of six years, running for election at the first general election held after the expiry of six years. That is long enough so that the expertise and experience that is necessary for senators to perform their legislative review function would still develop. They would be eligible for re-election.

I understand the reservations of the joint committee with respect to proportional representation. It is my hope that the nature of my proposal overcomes some of those reservations. In any event, I am sure that first-past-the-post elections will not satisfy the need to give more comprehensive representation to the many elements of our society—political, demographic and geographic. The other need is to distinguish clearly the

mandate of senators from that of the members of the legislative chambers—the chamber of confidence.

It is not proposed that this newly constituted Senate would be a confidence house, but would exercise suspensory veto power. A specific period would be required to elapse after a matter had been dealt with by the Senate before it could be re-submitted for approval. This would allow public opinion to crystallize prior to the matter again being discussed in the appropriate legislature. It may be claimed that such power will give the Senate no means of enforcement of its decisions. However, I believe that the respective governments would accept no Senate power more severe. I also believe that public opinion is the best enforcer. Rejection of a bill from a federal or provincial house will create public discussion and the opportunity for public action.

The subject of distribution of senatorial seats across the country is well handled by the joint committee. Certainly the west needs more representation and representation should be weighted toward the less populous provinces. Otherwise, I have no new proposal.

The major innovative feature of this proposal is that the Senate, in addition to its present review of federal legislation, would have the power to review provincial legislation which affects the powers of the central government or the rights of other provinces. It has been the major premise of Senate reform for some time, especially with those who adovcate a Bundesrat type of Senate, that there should be provincial input into federal legislation. The proposal here is that in areas where provincial legislation affects either other provinces or the central government it should receive the scrutiny of the Senate and be subject to a suspensive veto.

It is obvious that, if we are ever to develop any kind of national will in our federation, provincial legislation which has the potential to affect the national economy, would have to be scrutinized by someone to ensure that its effect is to advance rather than frustrate that national will. This is because we have a national economy, with a common currency, common tariff, common foreign exchange rate and a national fiscal and monetary policy that has at least some force. That means that economic disturbances in some regions and sectors in the economy are transmitted to other areas. No one province can wield control over money, tariff, or exchange rates so as to insulate itself from the harmful spill-over effects of actions taken for short-term reasons elsewhere. Astute multi-national corporations can play one province off against the other in a competition for investment and still have constitutionally guaranteed access to the other province's market. That kind of economy requires a federal institution conscious of the needs of the regions to draw attention to contradictions and inconsistencies on behalf of citizens of the country as a whole.

● (1540)

Other areas where provincial legislation would be submitted to the Senate would be in interprovincial fields touching on transportation and communications. Matters such as education, health and social welfare programs are examples of provincial areas which could affect the central government or other provinces as well. Also matters such as energy regulation could be termed to be related to the national economy.

The Senate could also be involved in those areas contained in section 36 of the Constitution Act, 1982, which deals with the commitment to equalization and the ending of regional disparities in Canada. This is an instance where the Senate could look at the provincial aspects of federal legislation with a view to determining whether it fulfills the mandate set out in that section.

This work could either be done by the Senate as a whole or through the establishment of a federal-provincial relations committee. It could also take place through the informal submission of relevant proposed provincial legislation to the Senate for scrutiny prior to its enactment in the particular province. This newly formed Senate would be ideally constituted to review and approve appointments to the Supreme Court of Canada and to the federal regulatory agencies which deal with regional concerns.

It was proposed in the Lamontagne-Goldenberg Report that the Senate assume the function of reviewing laws with regard to their effect on human rights, language rights and minorities. This could now be done with regard to both provincial and federal legislation.

A major benefit of this proposal is that the areas where the Senate has been most effective will still be retained. That is, this body will be well suited to carry on both the legislative review role and the role of investigation in which the Senate has figured so prominently in recent years. The mix of national and regional representation would make it ideally suited to investigate matters of national importance such as the economy and matters of regional importance such as the impact of offshore drilling and the implementation of federal-provincial agreements. That investigative role could be extended by a positive mandate to proposed national objectives, common legislative programs to advance them and compromises to resolve existing conflicts.

Legislation might be studied in the Senate as a result of:

(a) Request by a province other than the legislating province;

(b) Request by the legislating province;

(c) Request by the federal government;

(d) On the initiative of the Senate itself; or

(e) As a result of a decision of the Supreme Court of Canada.

Some consequential changes may be necessitated because of the new mandate given to the Senate. For example, to maintain local flexibility with regard to law making, it may be necessary to formally establish a constitutional arm of the Supreme Court of Canada so that it could be quickly determined whether an area upon which a province has legislated or intends to legislate affects the national or extra-provincial interests.

It is obvious that a scheme such as that set out above would result in disputes as to whether proposed provincial legislation affects another province or the national interest, or is simply an example of a province carrying out its mandate to deal with

local matters. It will be important that such disputes be dealt with relatively quickly by the Supreme Court. Consideration should also be given to the removal of the powers of disallowance and reservation from the Constitution.

While this scheme is new in many aspects with regard to Canada, it would seem to have many of the attributes of the Australian Senate. The length of the senatorial term and the method by which senators are elected are somewhat similar to that used in Australia. Although the Australian Senate was originally designed as a states house, it has never really functioned as such because of the influence of political parties. It is the proposal here to limit the influence of political parties through both the electoral system and by virtue of the fact that the national political parties will only be involved when senators are elected at the time of a federal election. The influence of the provincial political parties will be felt most strongly at the time that senators are elected during provincial elections.

Senator Frith: That would be under the provincial chief electoral officer?

Senator Stanbury: Yes.

The fact that senators will be elected only at alternate general elections will have a similar effect.

This scheme should result in the strengthening of Canada as a whole, because it will provide a forum, which is presently lacking, for the discussion of problems affecting both the provinces and the central government. The use of an existing institution to accomplish this goal gets away from the problems of trying to construct a non-parliamentary agency and attempting to determine what influence that agency would have should some governments not contribute to its establishment.

The two main methods of dispute settlement between the provinces and the central government are at present the federal-provincial conference, which is preceded by numerous bureaucratic meetings, or, alternatively, the referral of a dispute to the Supreme Court of Canada for determination. Neither of these methods presents a very positive approach.

It is the opinion of Professor Donald Smiley that intergovernmental affairs agencies appear to contribute to federal-provincial conflict rather than accommodation. It is his feeling that the thrust of federal-provincial relations agencies is to link narrower purposes with broader and more political ones. With respect to the latter, it is less likely that the federal and provincial governments will agree. The implicit and singleminded purpose of intergovernmental affairs managers at the provincial level is to safeguard and, if possible, to extend the range of jurisdictional autonomy, including, of course, the revenues which provinces have under their unshared control.

The other major forum for dispute settlement is the Supreme Court of Canada, which, by its very nature, will apply a legal solution to a political problem. While in some instances this may facilitate negotiation, it can also make further negotiation very difficult for the party which has lost the case before the Supreme Court.

There are also those who argue that Canada must come to the brink of disaster before any meaningful Senate reform will take place. The thought is that there is simply not enough in it for both the requisite number of provinces and the central government to reach agreement. The central government would simply find it unthinkable to accept a Bundesrat type of Senate to which the provincial governments send delegates to Ottawa to vote on federal legislation. Alternatively, why would the provincial governments accept anything less than a reform which would lead to their having direct influence over the legislation of the central government?

The arguments for accepting reform have to be advanced on a higher plane than pure self-interest. The provinces and the central government have to realize that all will gain when regional representation in Ottawa is enhanced.

The argument has to be that the type of proposal advanced here is beneficial, as it gives the provincial electorate and provincial political parties, if not the provincial government, through the voting process, direct input into the legislative process of the central government.

The regional interests of the provincial electorate will be represented in the Senate, as well as the views expressed by the national electorate. Also, this type of scheme will result in the provinces being able to influence the policies of their provincial neighbours for the first time.

It will open up the federal-provincial process to public and interest group involvement as these matters will now be dealt with in a public forum. Previously, there has not been an opportunity for the public to become involved in intergovernmental relations through the making of submissions and appearing before committees involved in this process. With this proposal, at least, a forum is provided through which the legislators will be made aware of alternative perspectives.

Even though provincial governments will not have direct representation, the subject matter being treated in the Senate will require full access to the Senate's committees by provincial governments. Senator Godfrey has been trying valiantly for two years to have that access assured and formalized. This proposal would make the Senate very important to both the federal and provincial governments. They would ignore it at their peril. On the other hand, senators elected as members of provincial parties will gain the opportunity to affect federal legislation and the legislation of other provinces. They will also enjoy the satisfaction of contributing to the unity of the country and the force and direction of the progress of the nation. I have every confidence that they will love and serve Canada with the same devotion as their colleagues.

• (1550)

Honourable senators, I believe that we will not mature further as a nation until we accept the need to submit collective legislative actions, insofar as they affect each other, to some institution representative of our electorate in both its regional and national interests. Governments, as such, find compromise too difficult. Elected representatives, one step removed from government, with a specific mandate to soothe

our conflicts and encourage our common efforts will provide the voice of wisdom and moderation which we must have to create the great future our people crave and deserve.

Hon. Senators: Hear, hear.

Hon. Stanley Haidasz: Honourable senators, I should like to ask Senator Stanbury if he would elaborate on how his proposal for an elected Senate would guarantee adequate representation of Canadian minority ethnic groups in the Senate?

Senator Stanbury: Honourable senators, I think that the only answer to that is that no one can guarantee the opportunities for minority groups. However, minority groups must have some basis for developing an electoral constituency and approach. That is why I believe that a constituency system is the only one which allows that possibility. If you simply end up with a list of people for a whole province, then the likelihood is that the minorities will not be properly represented.

On motion of Senator Macdonald, debate adjourned.

[*Translation*]

THE SENATE

MR. AURÈLE CHÉNIER, ASSISTANT EDITOR OF DEBATES (FRENCH)—FELICITATIONS ON RETIREMENT

Hon. Martial Asselin: Honourable senators, before we continue and while Mr. Aurèle Chénier is still here at the desk of parliamentary reporters, I would like to mention that he will be leaving us after 24 years of loyal service in the Senate, including the last few years as Editor of the French Debates of the Senate.

It is with deep regret that we francophones see him leave. We will always remember his dedication, his assiduity and his outstanding work; for the francophones who sit in this House, it will stand as a guarantee of the lasting official bilingualism which characterizes this country.

On behalf of the official opposition, I extend to Mr. Chénier our best wishes for a happy retirement and good health.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as spokesman for my English-speaking colleagues and the government as well as in my own name, I fully endorse the wishes expressed by my colleague Senator Asselin. On a personal note, I might add that Mr. Chénier has also been for me as an anglophone a kind of linguistic adviser, for now and then I would meet him in the hallways and consult him about matters of French usage to know how I might become more proficient. I always received good advice.

It is with great pleasure that I join Senator Asselin who has given us the opportunity to extend to Mr. Chénier our congratulations and appreciation for his years of very faithful and competent services in the Senate.

[*English*]

ABORIGINAL PEOPLES OF CANADA

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator McGrand:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;

That the Committee be composed of eight Senators;

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

That the Committee have power to travel from place to place within Canada; and

That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this motion presented by Senator Watt deals with the desirability of establishing a special committee of the Senate, as the motion states, to examine, consider and make recommendations on the problems and issues facing aboriginal peoples of Canada. Honourable senators will remember that Senator Watt in his speech in support of the motion dealt with the role of the Senate in aboriginal affairs, the need for new forums on aboriginal issues, the infrastructure questions concerning aboriginal peoples, rationalization of government policies, responsibilities and relationships with the aboriginal peoples of Canada, economic and financial relationships, and possible specific functions and issues for a Senate committee on aboriginal issues. That is a fairly full plate, as we can see. I believe that all honourable senators support the objectives of this motion. In practical terms, there have been two difficulties. One is the problem of manning such a committee with such an ambitious and desirable menu. Also, there is the time left in this particular session to achieve some development of that particular menu.

However, Senator Watt has indicated to me and to other honourable senators that he feels it desirable even in that context that the committee be established and that it be given an opportunity to have a couple of meetings between now and the adjournment at the end of June. He has spoken to particular senators who would be prepared to serve on the committee to that extent, on both this side and the other side.

Hon. Martial Asselin: How many members would the committee consist of?

Senator Frith: I forget what the motion says as to how many members the committee would be composed of. You will remember in the case of the Committee on Youth, although it provided for more, Senator Petten and Senator Macdonald agreed on a reduced number of appointments, and perhaps that could apply in this case as well.

In that context, honourable senators, I propose that we adopt the motion for those purposes, and we can do that either

immediately, depending on whether Senator Flynn and Senator Macdonald wish to do so, or, if not, we might try to do it this week which would give Senator Watt approximately a month to organize and, at least, set up some sort of a plan for the working of such a committee which might have to be re-established after the adjournment.

On motion of Senator Macdonald, for Senator Roblin, debate adjourned.

[*Translation*]

CANADA-TAIWAN PARLIAMENTARY FRIENDSHIP COMMITTEE

MEETING IN TAIWAN—DEBATE ADJOURNED

Senator Guy Charbonneau rose pursuant to notice of Tuesday, February 21, 1984:

> That he will call the attention of the Senate to the meeting of the Canada-Taiwan Parliamentary Friendship Committee, held at Taiwan from 7th to 14th October, 1983.

He said: Honourable senators, last October, I had the pleasure of visiting Formosa with a delegation of representatives from both Houses. This journey gave me a completely different view of the situation than that projected by the media. Formosa is the miracle of the Orient. This country, with a population of only 18 million people, could very well become the Japan of tomorrow. While it is impossible to get a visa, either in Formosa or in Canada, the two-way trade between our two countries amounts to nearly $1 billion, which means 25,000 of the new jobs which we desperately need.

• (1600)

[*English*]

The Honourable Otto Jelinek, MP for Halton, moved a motion in the other place on September 21, 1983, which reads as follows:

> That, in the opinion of this House, the government should facilitate the growth of commercial, cultural and other forms of contact between the people of Canada and Taiwan through (a) the establishment of a bilateral, non-diplomatic presence between Canada and Taiwan, including the issuance of visas directly in Taiwan and Canada thereby adopting the practice of Japan, the United States and most other western industrialized nations (b) the enhancement of trade links between Canada and Taiwan, including (i) the encouragement of export trade by Canada to Taiwan through the granting of credits and other forms of support to Canadian businessmen (ii) the establishment of direct air links between Canada and Taiwan by non-flag carrier airlines (iii) the adoption of any other practical mechanism to encourage industrial and other non-diplomatic contact between Taiwan and Canada.

Honourable senators, I approve of the motion put forward in the other place by the honourable member, and I am sure all honourable senators recognize the need for Canada to find new trading partners if we are to survive as a nation of traders.

[Senator Frith.]

Honourable senators, while I was in Taiwan, a keen interest was expressed by the government in the purchase of a Candu reactor from AECL. This industry, which cost Canadians billions of dollars to establish, is in danger of imminent collapse unless we can find countries willing to purchase this safe form of energy. Taiwan has expressed such a desire to pursue it further. One Candu sale is equal to 25,000 new jobs for Canadians, and with approximately one and a half million people out of work, I think we should, as aggressively as possible, pursue this sale.

Taiwan's economy is one of the fastest growing in the world today, and yet the two-way trade between our two countries is about U. S. $1 billion, and last year Taiwan had a $540 million trade surplus with Canada. We should be urging the Taiwanese to buy more Canadian lumber, coal and minerals. Also, the Taiwanese should be made aware of the fact that Canada has a very sophisticated high-tech industry, and we are always looking for new markets, particularly in the Pacific Rim countries. Let us remember: The per capita income in Taiwan is approximately U.S. $2,500 per year as opposed to U. S. $500 on the mainland.

[*Translation*]

While trade relations between Canada and Formosa are most encouraging, we have only to look at our southern neighbours to see that their own trade volume exceeds $15 billion U.S. The reason for this is very simple: The United States do not recognize Formosa diplomatically, but the Americans are aware that they cannot afford to close their doors to a country with such a tremendous economic growth. This is why Canada should try to strengthen its trade links with Formosa.

To do so, the visa system should be reviewed. At the present time, to obtain a visa for Canada, a businessman in Formosa must submit his application to the Canadian High Commissioner in Hong Kong; there can be a delay of up to two weeks before he gets it. In addition, a little over one year ago, representatives of the Formosan government who were supposed to lead purchasing missions in Canada were refused visas by our country.

In my humble opinion, this is certainly not the right way to do business. On the other hand, Canadian businessmen must apply for visas in the United States; this means a waste of money and time. As parliamentarians, we also represent the business world and we must see to it that things change in this regard; to do so, we have only to look at what is done in the United States.

[*English*]

The U.S. does not recognize Taiwan diplomatically, and yet American businessmen can obtain a visa in major U. S. cities such as New York, Boston, Chicago, Washington, Los Angeles and San Francisco, just to name a few. The Taiwanese can receive a visa in 24 hours from the U.S. office in Taiwan, called the American Institute in Taiwan. Canada and Italy now stand alone in the western world in having no presence at all in Taiwan. I am not suggesting that we should re-establish

diplomatic ties, but that we should look at other forms of bilateral, non-diplomatic contact between our two countries.

One of the areas that we, as a Canada-Taiwan parliamentary friendship group, feel should be explored more fully is to find out if the chambers of commerce of our respective countries could fulfill the role of the AIT. The American Institute in Taiwan is a non-profit organization licensed in the District of Columbia and established for the purpose of carrying out U.S. transactions in Taiwan. I believe that the Chamber of Commerce, or some other such organization, could fill this role very well, and that we should be aggressively pursuing this course of action for the benefit of all Canadians.

[*Translation*]

Honourable senators, if Canada should agree to this, it would surely make it possible for private corporations to operate to full capacity and create tens of thousands of jobs in all parts of Canada, not to mention the injection of billions of new dollars into our economy. In conclusion, I urge the government very strongly to join other non-Communist industrialized nations in Taiwan and take advantage of the extraordinary trading possibilities there to the benefit of all Canadians.

On motion of Senator Leblanc, debate adjourned.

[*English*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO REVIEW CANADIAN HEALTH CARE

Hon. M. Lorne Bonnell, pursuant to notice of May 24, 1984, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to review all aspects of, and make recommendations on, an overall Canadian health care policy;
>
> That the Committee have power to travel from place to place; and
>
> That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.

He said: Honourable senators, in speaking to this motion, of which I gave notice last week, I wish to say that as the Senate committee studied the Canada Health Act it found many facets of the health care program which were not covered under that act.

• (1610)

During those hearings we had an opportunity to hear from the Ministers of Health of all the provinces and of the Yukon. They explained that the Canada Health Act did not provide solutions to all their health care problems. The federal government of the day was concerned with user fees and extra billing, and did not have an opportunity to discuss all of the other facets of the health care program with the provincial Ministers of Health. Realizing also that health, social services and education are areas of provincial jurisdiction, it was difficult for the federal government to add new clauses to the bill taking into account the desirability of prior consultation and agreement.

It is for that reason I felt that a Senate committee, representing the regions, might hear from the provinces, the doctors and the consumers, to see if it could bring forward some recommendations for a comprehensive medicare, medical insurance plan in Canada. Such a committee could recommend to the federal government that its report be discussed at a federal-provincial conference, to see whether some agreement could be reached to provide Canadians with such a comprehensive health care system.

Honourable senators, that is the background to my motion. As I gave thought to the subject, I read the report of the Special Senate Committee on Poverty in Canada and I noticed that back in 1971 there appeared to be a definite weakness in the area of the preventive health care programs, particularly for the poor, partly because many poor people were suspicious of large-scale programs and partly because of the inadequacy of existing staff facilities.

There seems to be a relationship between poverty and many aspects of health and health care, including rehabilitation services, mental health, preventive health services, environmental health, mental health, and nutrition. There appears to be an effect on health because of marginal existence, which is the common experience of many Indians and Inuit. The infant mortality rate in 1968 was 21 per 1,000 live births for all Canadians, whereas it was 49 per 1,000 for Indians and 87 per 1,000 for Inuits.

According to the Special Senate Committee on Poverty in Canada, one of the main causes of poverty in the past was the crushing burden of medical expenses. This cause of poverty has been greatly reduced by the Hospital Insurance and Diagnostic Services Act of 1956 and the Medical Care Act of 1966, which provides for the sharing of medical costs between federal and provincial governments.

This program has brought improved medical care to millions of Canadians who would otherwise have been unable to afford it, and it has done so with dignity to the users of the service. Canada has, in this program, the vehicle for further expansion to cover other health needs, such as dental care, optical care, rehabilitation, mental health, home nursing care, chronic hospital care, and pharmaceuticals. This is an opportunity to expand this very worthwhile program of the Medical Care Act of 1966, and the Hospital Insurance Act of 1956. It is an opportunity that we should not miss.

Many people on welfare in many of the provinces receive dental care or optical appliances, psychiatric care, and tuberculosis care. But the working poor, who are not on welfare, have to dig deep to find money for health services not yet included in any federal or provincial health care plan, particularly the cost of drugs. High drug costs represent a real barrier to meeting health needs.

The report of the Special Senate Committee on Poverty in Canada in 1971 recommended that hospital and medical services be financed entirely out of general revenues; that the

Medical Care Act or similar legislation be the vehicle for bringing additional forms of necessary health care, including dental services and prescription drugs, to all Canadians. That was 13 years ago.

In conclusion, in asking honourable senators to support this motion, I shall read an extract from page 5 of the poverty report. It is a quote from a great Canadian, none other than the Right Honourable Pierre Elliott Trudeau, who said:

> In order to focus programs on those who need them, we must define, with as much clarity as possible, the esential components of a minimum standard for satisfactory living—not a subsistence standard but one which allows for dignity and decency.

With those remarks, I ask honourable senators for their support.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we on this side of the house will support the motion, but it would be a tall order for us to give to the committee. No one should be under any illusion as to the task before it, particularly from the viewpoint of timing when we are approaching the end of the session and possibly the end of this Parliament. The committee will not have much time to do a worthwhile job before it may be faced with a new House of Commons, although the Senate would survive an election.

I wish to say also that our experience with Bill C-3 should not be forgotten. The problem of health care is not resolved merely by reciting general rules such as those found in the Canada Health Act. Principles of universality, and so on, will not be sufficient to solve all of the problems. The multiplicity of difficulties involved in providing an adequate health care system indicates that the provinces are better equipped to decide what should be done to satisfy the various requirements of people in their area. Let us take, for example, the health problems that exist in Prince Edward Island and compare them with those that exist in Newfoundland. I believe those may be the two extremes. Alternatively, one could consider the Northwest Territories, the Yukon or northern Quebec. When we hear of problems such as those in distant regions of Quebec, in places such as Gaspé, Dolbeau or Lac St-Jean, it seems easy to conclude that the provincial governments are really better equipped to deal with these problems, which are local in nature, and with the varying circumstances which I was mentioning before.

• (1620)

If the committee tries to look at a general policy only from the point of view of the federal government, such as was done with respect to Bill C-3, it will never be able to provide anything very useful. What I mean is that the provincial responsibility is not only a matter of constitutionality but a matter of practicability.

I know that under the chairmanship of Senator Bonnell, who has some experience as a doctor, who was a former provincial minister of health and who is a Prince Edward Islander, these aspects will not be forgotten.

With that warning and these reservations, we have no difficulty in accepting the adoption of this motion.

Hon. John M. Macdonald: Honourable senators, I would like to make a comment at this time. I am, of course, wholly in agreement with the motion. I think the committee can provide a very useful service by looking into the whole health care delivery service which is in existence at the present time. Hospital insurance and medicare have been in place for a number of years now. I feel the time has come not only to try to fill in the gaps, as it were, but to see if we are obtaining value for the money we are now spending.

I am particularly concerned with respect to the administration costs as they relate to hospital care. I sometimes feel that the patient is the last person to be considered whereas the bureaucracy, or whatever you want to call it, sets out the plans. It is the bureaucracy which builds these beautiful, big hospitals—apparently not enough—but are we receiving the service for our money in these hospitals? At one point in time I had in mind advocating the setting up of a royal commission to examine this matter; however, now I feel the committee could perform this service just as well.

In Nova Scotia we are funded through sales tax, and there are no premiums as far as we are concerned. The tendency nowadays seems to be to try to keep the patient in hospital for the shortest possible time and then out he goes. We need more hospital care, as well as home care, and I, for one, am not satisfied that we are receiving value for the huge sums of money we are spending on hospital care and medical care.

I think the committee would serve a useful purpose by looking into all aspects of our health delivery service.

Hon. Senators: Hear, hear.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 31, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

[*Translation*]

THE ESTIMATES 1984-85

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance, to which were referred the estimates laid before Parliament for the fiscal year ending March 31, 1985. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 651.*)

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

Senator Leblanc: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTIETH REPORT OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's report approving the budget of the Special Senate Committee on Youth.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXAMINE IMPACT OF TECHNOLOGICAL CHANGE ON CANADIAN SOCIETY

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Tuesday next, June 5, 1984, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and consider the impact of technological change on the fabric of Canadian society;

That the Committee have power to adjourn from place to place;

That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination; and

That the Committee present its report no later than September 30, 1985.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Monday next, June 4, 1984, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

[*English*]

Senator Frith: Honourable senators, there will be a reasonably steady flow of what can be described as mostly non-controversial—that does not mean totally without controversy so let us say "minimal controversy"—legislation during the next two weeks and possibly the last two weeks of June. For that reason I am proposing that we adjourn until eight o'clock next Monday. A good many of these bills, up to six or seven in number, if passed in the other place will be passed on Friday. On Monday evening we can receive them, give them first reading and in some cases, with leave, give the sponsors the opportunity to move second reading. This would merit our returning a day earlier than is the case with the normal adjournment. We can then continue with second readings and such interventions as are required the following day. The over-all plan is to try to deal with the business as it comes along, thereby keeping a little bit ahead of the normal pace so that we do not have a pile-up of legislation at the end of the month. We hope to have Royal Assent next Thursday and probably the following Thursday.

Hon. Jacques Flynn (Leader of the Opposition): What is the date of the following Thursday?

Senator Frith: Let me check.

Senator Flynn: Don't tell me that you don't know.

Hon. H. A. Olson (Leader of the Government): It is June 14.

Senator Frith: I will not tell you that I do not know, but I will tell you that I think it ought to appear that I do not know. It will be June 7 next week and June 14 the following week.

Senator Flynn: I see.

Senator Frith: And you just add seven from there on. That is the plan. I hope that we will not have to come back on the Monday in the following week, but I should advise honourable senators that unless things change in terms of the expected work, we will probably continue to sit on Monday evenings, on Tuesdays at 2 o'clock, Wednesdays at 2 o'clock, and Thursdays at 2 o'clock. I hope that we will not have to sit on Fridays. If we just increase the tempo a bit I think we can manage.

Senator Flynn: Can the deputy leader give us a list of the bills we can expect to come to us next Monday? I know it is not important for the government side to know because only the respective sponsors will speak on them, but we on this side would like to be able to prepare to discuss them as soon as possible. It is more important for us to know than for the government side.

Senator Frith: I think that is important for both sides. In any event, to speak in terms of the need for honourable senators to know, this afternoon at about 3.30 I will be hearing from Mr. Pinard's office. Usually I phone him on Thursday afternoons to determine what we can expect from the other place. I shall let the office of the Leader of the Opposition know and see that Mr. Lefebvre is kept totally up to date on the list so that he can communicate with Senator Flynn and other senators. I do not have a reliable list at the moment but I hope to have it at the close of business today.

Senator Flynn: I should like the deputy leader to put that list on the record here before we adjourn today, if at all possible. I have received some information from the other place but I would like to see whether my list is the same as that of the deputy leader.

Senator Frith: Honourable senators, I will have to wait to hear what the house leader of the other place has to say, unless Senator Olson or Senator Austin can give us some indication of what legislation we can expect.

Senator Flynn: Why should Senator Olson or Senator Austin know?

Senator Frith: Because they are members of cabinet, and I am not.

Hon. Martial Asselin: That does not answer the question.

Senator Flynn: The deputy leader always makes the mistake in thinking that government and Parliament are one and the same. I can understand that Mr. Pinard would know something about the list, but to say that Senator Olson or Senator Austin know something about the legislation because they are members of cabinet is not justified at all. They don't know a thing, very likely.

[Senator Flynn.]

• (1410)

Senator Frith: Honourable senators, I suppose some of us do fall prey to making the same mistake over and over again, and that is a rule of human behaviour that I am sure the Leader of the Opposition has not been exempted from either.

Senator Flynn: I have had occasion to do that.

Senator Frith: I do not know how it was under a Conservative administration—

Hon. Guy Charbonneau: You will soon find out.

Senator Frith: —but if I understand correctly, and I think I do in spite of what Senator Flynn has said, committees of cabinet do deal with the planning of legislation. The members of that committee have more information about the details of proposed legislation than I do. I have to wait until I hear Mr. Pinard tell the House of Commons what is being proposed.

To get back to where we were—and I am sure we can have an interesting afternoon discussing my lack of understanding of the system—what it comes down to is that, as I have said, I will have that information later this afternoon. I cannot undertake to put that on the record, though the purpose for which the opposition wants to know is a reasonable one—that is, to have as much advance notice as possible about proposed legislation so that they can make arrangements to debate that proposed legislation. As soon as I have received that information, I will see that it is sent to the Leader of the Opposition.

Senator Flynn: I do not want my comments to prevent Senator Austin from telling us what he knows about the situation. If he can add to the discussion, he is welcome to do so.

Hon. Martial Asselin: He does not answer any questions.

Senator Frith: I think Senator Flynn wants the last word on this subject.

Senator Flynn: Certainly not Senator Austin.

Motion agreed to.

QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

ECONOMIC COUNCIL OF CANADA—STATEMENT TO ENERGY AND NATURAL RESOURCES COMMITTEE

Hon. Guy Charbonneau: Honourable senators, I should like to address my question to the Leader of the Government in the Senate. In a brief to the Energy and Natural Resources Committee last week the Economic Council of Canada said that scrapping key elements of the National Energy Program would create 100,000 jobs. Given the significance of the body making that recommendation, would the Leader of the Government, without waiting for the report of the committee, encourage his cabinet colleagues to take action similar to that

recommended by the Economic Council of Canada? If the cabinet were to adopt that recommendation, it would create many jobs and lower the rate of inflation in the process.

Hon. H. A. Olson (Leader of the Government): Honourable senators, that question falls into the category—as is very often the case—of those where members of the opposition give only half of the background information.

The government in its wisdom—which it has displayed over and over again—would rather choose to look at the entire report and weigh the costs against the benefits that may be involved in that recommendation.

Hon. D. G. Steuart: You have been listening to the man from Chicago.

Hon. Martial Asselin: Do you agree or disagree with that?

Senator Olson: The government does not do that.

Senator Asselin: Why not?

Senator Olson: If it is wise, it takes into account recommendations made by all bodies, however eminent they may be, including the Economic Council of Canada. That means that everything involved is looked at, including the costs and benefits, before agreeing or disagreeing. It cannot be done on a simplified basis as recommended by Senator Asselin.

Senator Charbonneau: I have a supplementary question. Does the minister not agree that there has been a chorus of bodies, commissions, whatever, that have agreed with the Economic Council of Canada on this matter? What is the government waiting for? We are looking at 100,000 jobs. Is the government going to wait until next year, as usual?

Senator Olson: The government has had the National Energy Program under consideration for a long time and has made a number of amendments to it from time to time.

I do not want to repeat what I said a few minutes ago, but it is equally applicable to that kind of argument.

Hon. John M. Godfrey: Honourable senators, I should like to ask the Leader of the Government in the Senate whether or not he would agree that the national energy policy and Petro-Canada, in particular, deserve the credit for the latest oil find off the coast of Newfoundland?

Senator Olson: Honourable senators, I am sure all of us are extremely happy to hear of that most recent oil find. We hope all subsequent testing which, no doubt, will be carried out will substantiate the projections which have been made.

I am afraid I cannot agree with Senator Godfrey that we should take unqualified credit for it.

Senator Charbonneau: Honourable senators, I should like to point out to the Leader of the Government that had it not been for the national energy policy this find would have been made a long time ago.

Hon. Senators: Oh, oh!

Senator Olson: Honourable senators, that is only an opinion.

Hon. Royce Frith (Deputy Leader of the Government): With that type of information you could make a great deal of money on the market.

Senator Olson: Honourable senators, I do not think the honourable senator should have made that comment since it calls into question assertions he makes from time to time.

Senator Flynn: In any event, perhaps I could ask the Leader of the Government if he could give us some information with respect to the mega-projects he was discussing some two years ago. Can he name those projects which were abandoned? Are the ones which were abandoned coming back on stream? What is the situation? I remember the leader boasting about those mega-projects.

Senator Olson: I would be very happy to bring a list of those projects which were included in the list of major projects studied by the committee about which my honourable friend knows.

Senator Flynn: You have more responsibilities now!

Senator Olson: As Leader of the Government, I do not have direct responsibility for the department at the present time. However, I can tell the honourable senator that I am as interested now as I was then in these projects being carried out. The honourable senator would be surprised at the number of projects which have gone forward; granted, some of them were not on as large a scale as forecast at the time. As they were described, mega-projects—

Senator Flynn: By you!

Senator Olson: No, by the committee. A mega-project was described as any project in which the capital investment exceeded $100 million. I can tell this house that there have been a large number of projects which have proceeded, some of them not quite as large as indicated, that is, not up in the multi-billion dollar range. However, a large number of them have proceeded. I think it would be useful for honourable senators and the general public to know how many of these projects have gone forward.

Senator Asselin: It would be better if you were to bring a list of the projects which were scratched.

Senator Flynn: I will accept that reply as it was given in such general terms.

SENATE REFORM

REPORT OF SPECIAL JOINT COMMITTEE—POSSIBILITY OF LEGISLATION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a response to a question asked by Senator Asselin on May 24 as to whether it is the intention of the government to introduce legislation soon which could reflect the views of the report of the Special Joint Committee on Senate Reform.

The reply is that the government is committed to use the report of the Special Joint Committee on Senate Reform as a

working document in its consultations with the provinces, as evidenced by the Prime Minister's response to that report on April 10.

To this end, the Minister of Justice was mandated by the Prime Minister to press ahead energetically with intergovernmental consultations, and has already had discussions based on the report of the joint committee with the governments of New Brunswick, Nova Scotia, Prince Edward Island, Manitoba, Alberta and Quebec.

Consultations have not been completed as yet and, therefore, there are no current plans to introduce legislation on Senate reform.

CANADIAN SPORTS POOL CORPORATION

APPOINTMENTS

Hon. Martial Asselin: Honourable senators, yesterday I asked the Leader of the Government to produce a list of members of the Liberal Party who were appointed to jobs in the Canadian Sports Pool Corporation. Does the Leader of the Government have the list with him today?

Hon. H. A. Olson (Leader of the Government): Honourable senators, no, I do not. That question is not on my list of questions to which I have delayed answers. I see very little relationship between the honourable senator's question and the reply I have given. However, that is the honourable senator's usual practice.

Senator Asselin: Would you produce the list next week?

Senator Olson: I believe we gave an undertaking that we would try to obtain such a list. However, that undertaking is not on the basis the honourable senator has put forward.

Senator Asselin: We will judge the list for ourselves.

● (1420)

CUSTOMS AND EXCISE OFFSHORE APPLICATION BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Stanbury, for the second reading of the Bill C-16, intituled: "An Act to apply the customs and excise jurisdiction of Canada to the continental shelf of Canada and to amend certain Acts in relation thereto or in consequence thereof".—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, I have some concerns and reservations about this bill that have not been addressed in the debate so far either in the other place or here, although I hasten to thank Senator Hastings and congratulate him on a very succinct presentation on behalf of the government with respect to the bill the other evening. I believe that my reservations and concerns can best be addressed when this bill goes, as I think it should and I trust it will, to committee.

The essence of this bill is to extend Canada's customs and excise legislation beyond the 12-mile limit to the outer edge of the continental shelf or to 200 miles offshore, whichever is farther. Let me say at once that we fully support that initiative on the part of the government. We think this is something that, in fact, is overdue and should be done in order to fully exercise Canadian sovereignty. It means that foreign goods used in the resource industry, not the fishing industry because, generally speaking, the fishing industry seems to be exempt from the provisions of this bill, beyond the 12-mile limit are now subject to the regular customs duties and excise taxes. It means that anti-dumping legislation and countervailing duties can be applied by Canada out to the 200-mile offshore limit.

The Minister of State for Finance, who introduced the bill in the other place, said that this will enable Canada to exercise economic sovereignty on the continental shelf, and to provide the business community with an environment in which it can compete on a fair and equitable basis. Our colleague, Senator Hastings, said much the same thing when he introduced the bill in this chamber on Tuesday evening.

I think it should be pointed out that Canadian suppliers and manufacturers have not been completely naked before their enemies out to this 200-mile limit even up until now. They have not been utterly without protection as some would pretend in advocating this bill. The Canadian Oil and Gas Lands Administration monitors very carefully the provision of supplies and services to the exploration companies. The exploration agreements that are signed by the companies and COGLA—Canadian Oil and Gas Lands Administration—provide for Canadian content rules that the companies undertake to abide by. COGLA keeps lists of available Canadian suppliers and contractors. If a Canadian source is available as an alternative to a foreign source, the exploration company is required by COGLA to use the Canadian source almost regardless of price. There is a certain premium, as I understand it, that the Canadian Oil and Gas Lands Administration people place on contracts. Beyond that premium, of course, I suppose the company is not obliged to buy Canadian, but there is a great deal of room for a wide interpretation on the part of the people who run the Canadian Oil and Gas Lands Administration Act and to implement the act and its regulations. The implementation of the customs and excise duties proposed in this bill would be a more objective regime for protecting Canadian manufacturers and suppliers. After all, the kind of advantage that is conferred upon domestic manufacturers and suppliers by a customs and excise regime is more visible, quantifiable and understandable by foreigners and Canadians alike.

One of the questions that I believe should be raised is: What role will now be played by the more subjective regime operated by the Canadian Oil and Gas Lands Administration? In the absence of any statement to the contrary, I assume that these new customs and excise duties will be applied on top of the

non-tariff barriers, if I may describe them as such, that are imposed by the Canadian Oil and Gas Lands Administration.

This bill also brings with it a 20 per cent rate of duty on vessels and floating structures used for petroleum drilling beyond the 12-mile limit. It is on this aspect of the bill that I would like to focus for a moment or two. If this bill is passed, the exploration companies will have a choice between using foreign rigs and paying the 20 per cent duty or having them built and leasing them in Canada at a higher price. Either way, exploration costs are going to go up. My question is: By how much? Will increased exploration costs reduce the number of wells that are being drilled offshore, as some contend will be the case? I do not know, honourable senators, but I think we should find out.

The government says not to worry. After all, 80 per cent of the exploration costs are covered and will be covered by PIP grants. The government, through PIP grants will pay, one assumes, 80 per cent of the 20 per cent duty that it is imposing with the other hand. Indeed, Mr. MacLaren, the Minister of State for Finance, made the argument, as reported on page 3973 of the House of Commons *Hansard*, that any revenues the government realizes from the duties and taxes will be more than offset by the expenditures relating to increased PIP grants and corporate tax savings. In parenthesis I might say that the fact that the government is imposing, with one hand, a 20 per cent duty and, with the other hand, is paying 80 per cent of that 20 per cent duty in a PIP grant, may be a rather temporary comfort to the exploration companies. I say "temporary" because I do not think anybody expects that the PIP grants, in the form we have known them, are going to last very long. The government has an internal evaluation under way with a target date of 1986. If the government can hurry it up, it is going to do so because ministers know that the PIP grants are costing the treasury too much.

• (1430)

Hon. H. A. Olson (Leader of the Government): Is that your opinion?

Senator Murray: The ministers know, and certainly a man who disports himself from time to time as a fiscal conservative, as the Leader of the Government likes to do, at least when talking to the business community in Alberta, knows this. Ministers know that the PIP grants are costing too much. There is no incentive to frugal planning or even prudent planning. The ministers know perfectly well that they are going to get out of them one way or another. They are going to change the regime if they get the time and the chance.

Senator Olson: Who are "they?"

Senator Murray: The government of the day of which my honourable friend is a part. Arguably, my honourable friend's candidate for the leadership of the Liberal Party, Mr. Chrétien, might not recognize reality as quickly as some others might because he is determined not only to defend the mistakes of the past but to repeat them. The Leader of the Government must know that if Mr. John Turner, for example, has the time and the opportunity he is going to try to unscramble that omelet, and the prevailing wisdom, if you like, in the government in the little time that they have left to them is to try to change that regime.

Senator Olson: It looks like it is going to be a longer period.

Senator Murray: I suggest that the minister knows very well that PIP grants are costing the treasury too much and they do not provide any incentive for prudent or frugal planning on the part of industry and the ministers are going to change it. I suggest to the minister that there is an evaluation taking place within the government with a target date of 1986.

Senator Olson: What is the honourable senator's view? The honourable senator never tells us what he or his party thinks. Is that asking too much?

Senator Murray: We never would have gotten into PIP grants. The Conservative Party would have put a different kind of regime in place. PIP grants were not our solution; they were the minister's solution.

Senator Olson: So you would never have introduced such a program?

Senator Murray: We had another program with which the minister should be acquainted.

Senator Olson: I am acquainted with it.

Senator Murray: Unscrambling the omelet is the agreeable task which, in the few weeks he may be Prime Minister, Mr. John Turner will have to address himself to and, on a longer-term basis, that Brian Mulroney and a new Conservative government will have to address themselves to.

Hon. Jacques Flynn (Leader of the Opposition): And especially Senator Frith who has declared himself in favour of Mr. Turner.

Senator Murray: I was not aware that the deputy leader had declared himself in favour of Mr. Turner.

Hon. Royce Frith (Deputy Leader of the Government): I have not heard that we are going to give it back to the multinationals, as you say.

Senator Murray: The point I want to make is that for the time being the government is going to pay, in PIP grants, 80 per cent of the 20 per cent duty that they will levy with the other hand. That is a temporary comfort to the companies involved.

Hon. Ann Elizabeth Bell: Mr. Speaker, I would ask you to call for order because it is very difficult to hear what is being said when someone is speaking and comments are being made on the other side. If senators were to stand up, one at a time, we would all be able to enjoy the interchange.

Senator Murray: I thank Senator Bell for her comment. For my part, I will certainly do my best to make sure I am both heard and understood.

The tariff is a longer-term measure while the PIP grants, clearly, are a short-term measure. If this 20 per cent duty is not going to raise significant revenue for the government, and Mr. MacLaren, who should know, said that it is not, the only

argument for imposing it is the protection that it might offer and the business it might create for Canadian shipbuilders.

Senator Olson: Is that not important?

Senator Murray: When Senator Hastings introduced this bill, he said, and I quote:

> With these measures in place, it is estimated that about $3 billion worth of installations and vessels required over the next 10 years for use in the offshore will be built in Canada without the need for additional government support.

The Minister of State for Finance made a similar statement in the other place when he introduced the bill. I would like to see some evidence, some documentation, to support that contention, because no such evidence or documentation has been offered by a government spokesman, either in the other place or here in the course of this debate. Even if this bill does have a stimulative effect on Canadian shipbuilding, it will be some considerable time before it is realized.

Mr. MacLaren described as "very generous" the grandfather clauses that have been inserted in the bill to exempt, for example, the vessels currently under lease in Canada, or which were under order prior to January 1983. In terms of the leases, this might mean five years, and after five years, as I read the legislation, it means that they could be Canadian-flagged. If the vessel has been here for only one year, then after that one year the vessel will be subject to the duty, but it might be some considerable time before any impact, if there is to be any impact from this bill, is realized.

In any case, I am informed that exploration companies will continue to use foreign rigs because it is cheaper to do so, notwithstanding the 20 per cent duty. I am also informed that because of the downturn in North Sea exploration there is a glut of these vessels and installations on the market now and that they are available at bargain prices, so that exploration companies will continue to import the rigs, notwithstanding the 20 per cent duty. I am further informed that no rigs will be built in Canada in the foreseeable future, and that this bill will not stimulate construction as it is claimed it will.

I have not had much time to look into these matters and I cannot vouch for these statements, although they have been made to me on what I regard as being reliable authority. What I say to the Senate is that we should find out whether this is the case. The shipbuilding industry has made representations to the government in favour of this bill. However, if the bill passes, will the next representation from the shipbuilding industry be to the effect that the 20 per cent duty is not high enough to stimulate the domestic industry, that we should restore it to 25 per cent, which is what it was within the 12-mile limit? If that does not work, then perhaps we should try 30 per cent, 35 per cent or even 40 per cent. I think most honourable senators will agree that there is no future for Canada, or for the Canadian shipbuilding industry for that matter, if we get into that kind of exercise. This seems to be a case where we are inventing piecemeal an industrial strategy willy-nilly. Instead, I believe we should ask what are Canada's realistic prospects of competing, in the way we are now trying to do, in the world's shipbuilding markets. We should ask whether more restructuring is needed in the industry, whether Canada should try further specialization in shipbuilding.

• (1440)

Therefore I would like the Senate to take a day or two in committee to put these and other questions about the bill to the responsible ministers and officials, and also to interested parties outside the government, who may have some of the answers. It would not hurt to take a couple of days in committee on these matters. I remind honourable senators that this bill went through second reading, Committee of the Whole and third reading in the other place in two hours one afternoon recently. I think it behooves us not to delay matters unduly, but to look a little closer at this legislation and to give sober second thought to some of its provisions and ramifications. I am not criticizing the members in the other place. Some eloquent speeches were made in the House of Commons by the minister, and, on behalf of the shipbuilding industry and the employees of that industry, by Mr. Howard Crosby, MP for Halifax West; by Mr. Don Blenkarn, MP and by Mr. Skelly MP of British Columbia, and I am sympathetic to their concerns. Some of them have argued that the duty should be imposed on fishing vessels measuring 30 metres or longer, which are now duty free.

Assuming that the bill goes to committee, people who are more sympathetic to tariffs and duties than I am would have an opportunity to state their case to apply the provisions of this bill to goods and equipment for the fishing resource industry.

Finally, I may say that Mr. MacLaren and our colleague, Senator Hastings, expressed some confidence that there are no substantive implications with respect to our obligations under the GATT, although Mr. MacLaren in his speech in the other place, pointed out that Canada did take the precaution of giving notification to the GATT of Bill C-16.

At the same time, I should point out that the British Minister of Trade, Paul Channon, has expressed the opinion that Bill C-16 probably—I put the word "probably" in quotation marks—does abrogate the GATT. I must say that he does not offer any evidence for that, and the quotation that I saw attributed to him in a publication seemed to be rather offhand and almost a curbstone legal opinion—one of those free legal opinions that is worth what one pays for it. In any case, he is a responsible minister in the United Kingdom and he has expressed his view that our bill would abrogate the GATT. All of us take the GATT seriously, and that is another matter that I believe we would be well advised to look at when the bill goes to committee.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I ask the honourable senator a question? I listened carefully to what he had to say, and I believe he mentioned that he was in favour of the principle of the bill. Therefore do I take it that we can complete second reading now and that, although the honourable senator wishes to look at some of the mechanics and details of the bill, he is in favour of the principle of the legislation? He has asked that

the bill be referred to committee, and during my time here we have never refused such a request. Indeed, it would be a rare occasion when we did. The appropriate committee would be the Standing Senate Committee on Banking, Trade and Commerce, since the essence of the bill is custom tariff and taxation rather than energy. If that is so, Senator Hastings could close the debate on second reading and we could proceed in that way.

Senator Murray: If by "principle of the bill", the Deputy Leader of the Government means to say the extension of Canada's customs and excise legislation out to the 200-mile limit, then yes indeed I am in favour of that, which I regard as being the essence of the bill. If we have the same understanding of what the principle is, yes.

Hon. Earl A. Hastings: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that if Senator Hastings speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Hastings: Honourable senators, Senator Murray has eloquently expressed some reservations and concerns he has with Bill C-16, reservations and concerns which in some respects are quite complex and, I agree, might better be examined and explained in committee. At the conclusion of my remarks, I shall therefore move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce, where it could receive the examination he requests.

The honourable senator alluded to two or three things to which I might respond. We agree that the legislation represents an extension of the application of excise tax from 12 miles to 200 miles, or the shelf, whichever is farther, and is an extension of Canadian economic sovereignty to that degree. In introducing the bill, I said it was designed to fill a vacuum in Canadian law to enable Canadian manufacturers to participate on an equitable basis in the economic activity that was taking place in that part of Canada. I submit that it is simply an extension of a commitment made by this government in 1980, in the National Energy Program, to the Canadianization of the industry. That is a sector that is sometimes overlooked.

Perhaps I could refer to it as the spirit of Canadianization. It is a fact that industry now thinks Canadian, and in all Canadian corporations there is now a Canadian benefits section which examines each and every project as to its Canadian content or Canadianization; and as Senator Murray has indicated, they work with the Canadian Oil and Gas Lands Administration and the Canadian industrial benefits section of Industry, Trade and Commerce in order to find better ways and methods to enable the Canadian manufacturing sector to participate in the Canadian oil and gas industry.

As a result of that activity, and of PIP grants, there are now seven additional Canadian companies participating in the exploration off the east coast.

• (1450)

Canadians are participating along with the multinational corporations in the exploration off the northern frontier and the east coast. The Canadianization aspect of the national energy policy has been a total success, whether it be in terms of profit share, asset share, or upstream revenue, which is the most reliable.

Honourable senators, let me give you some figures on upstream revenue. In 1978 Canadians received $2 billion in revenue whereas foreign-owned companies received $7.7 billion. The share of ownership was 21 per cent Canadian and 79 per cent foreign. In 1982-83 the figures were $3.6 billion and 38 per cent Canadian and $5.9 billion and 62 per cent foreign. In addition, Canadian companies now have an opportunity to earn interest on the 38 per cent of Canadian earnings, an increase over 1978 by 17 per cent.

As Senator Murray alluded to this afternoon, PIP grants have made a great impact on the Canadianization of that industry. Senator Murray told me to be here today to face the music. I can only say that it is the same old Tory lyric and one which we have come to accept from the spokesman for the multinationals.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is an unsubstantiated slur.

Hon. Royce Frith (Deputy Leader of the Government): They seem to be in vogue today.

Senator Roblin: I did not like it.

Senator Hastings: Senator Murray asked what effect this would have on exploration costs. In considering the extent of such explorations, we must also consider the many uncontrollable costs that affect the cost of exploration. I am thinking of changing interest rates, the supply and demand of equipment and so on. In any event, Senator Murray is entitled to raise these questions.

Honourable senators, I would ask you to support second reading, and afterwards I shall move that the bill be referred to the Banking, Trade and Commerce Committee.

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?

Senator Hastings: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

ABORIGINAL PEOPLES OF CANADA

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE— ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator McGrand:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;

That the Committee be composed of eight Senators.

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

That the Committee have power to travel from place to place within Canada; and

That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Roblin P.C.*)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I regret that I am unable to proceed with this debate this afternoon. I must tell the Senate that the mover of this motion has shared with me his concern that we proceed with it as fast as we can. I am in sympathy with that proposition, but I am not prepared to proceed with it today. However, I hope to do so in the near future.

Order stands.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

VETERANS AFFAIRS—MOTION TO AUTHORIZE COMMITTEE TO TRAVEL FROM PLACE TO PLACE IN CANADA—DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of May 24, 1984, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on 4th April, 1984, to examine the expenditures pertaining to Veterans Affairs set out in the Estimates laid before Parliament for the fiscal year ending March 31, 1985, be empowered to travel from place to place within Canada for the purpose of such examination;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than November 1, 1984.

He said: Honourable senators, concerns are being expressed widely across the country about the length of time it takes to process applications for veterans' pensions. While corrective action and corrective measures have been taken over the years by the Department of Veterans Affairs, there arises periodically obstacles which present the adjudication process being dealt with in as short a time as possible for the benefit of the veterans. At a time when the average age of the veteran gives reason for concern, it is necessary to ensure Canada's commitment and it is imperative that the process be reviewed immediately. I would like to go back to section 1.1 of the original act—I am not sure of the the year but it dates back to the 1940s—which reads:

The provisions of this Act shall be liberally construed and interpreted to the end that the recognized obligation of the people and Government of Canada to provide compensation to those members of the forces who have been disabled or have died as a result of military service, and to their dependants, may be fulfilled.

I point this out because as veterans grow older the pension process and pension legislation must be reviewed with a view to relaxing the restrictions in cases where evidence may not be readily available—and here I question the veterans' treatment by some medical examiners—to ensure that they give the benefit of the doubt to the veteran who applies for a pension indicating that he has a condition that is attributable to his war service. One of the objectives I would like the committee to have is to review the variations in the schedule of rates in disability pensions as against the rates of war veterans allowances and, particularly, to examine the alleged discriminatory aspects of proportionate pensions and allowances for surviving spouses as they apply under the Pension Act and under the War Veterans Allowances Act.

We must examine the effects of the amending legislation under Bill C-82 which provided that surviving spouses and dependent children of deceased pensioners assessed at less than 48 per cent disability be eligible to receive one-half of the current married rate of disability pension payable to the deceased pensioner at the time of death. The government is to be commended for bringing in Bill C-82 a few years ago. It allowed wives of pensioners who were receiving less than 48 per cent to get a portion of that pensioner's pension. As a result of inflation and the cost of living, that legislation should be reviewed to ensure that the single pensioner widows are getting just treatment.

With regard to the pension process I think it is time that we reviewed the McCracken report. I think it is time to review the report by Mr. McCracken to the Minister of Veterans Affairs relating to possible improvements and promotion of the major administrative and adjudicative procedures of the pension process.

• (1500)

Honourable senators, there are new groups of veterans' organizations being formed across the country at this late stage in their lives. The members of those new organizations are concerned that time and time again their pension applications are being turned down. They are writing to MPs and senators, which indicates that, despite the fact that many veterans' organizations are doing exceptional work to help them receive their benefits—such as the Royal Canadian Legion, the War Amputees of Canada, the Army, Navy and Air Force Association, the Dieppe Veteran and Prisoners of War Association, the National POW Organization, and the Suffering Veterans Association of Toronto—they need further assistance. Second World War veterans are now aged 65, on average; First World War veterans are now aged 87, on average, so something must be done immediately. We must examine the pension process so that they will receive the justice they deserve.

There are also concerns being expressed by those veterans who were exposed to nuclear radiation at Chalk River. The United States government has just approved $2.6 million for compensation to those American veterans who were exposed to nuclear radiation. A new organization in Canada has been established in an attempt to get compensation for those Canadian veterans who were exposed to nuclear radiation.

We should also assess the effects of the POW Compensation Act whereby veterans receive compensation based on the length of imprisonment and the country they were imprisoned in. In that regard, again, there are mounting grievances over the scale of eligibility for compensation and the term of imprisonment.

I think it is time that a parliamentary committee visited all the veterans' hospitals which were transferred over the years to the municipalities and provinces to see first-hand whether the veterans in those hospitals are receiving the treatment they deserve and which they previously received. The only one left now is St. Anne's Hospital in Montreal. I think we should also visit the veterans' homes to see if the treatment being received by the veterans in those homes is up to par.

Under the War Veterans Allowances Act, I think it is time we relaxed the restriction on veterans who have to live in foreign countries because of their health or because of voluntary choice. As those veterans reach the age of 60 and qualify for war veterans allowances, the restriction says that they must return to Canada and live in Canada for 365 days to qualify for an allowance. This means that such a veteran has to leave his wife and children in England or the United States or wherever, and come back to Canada and remain here for a year in order to qualify. He may only go back to his chosen home on visits, and that is costly. One veteran from Newfoundland who returned was wearing a pacemaker. I cannot understand the justification for continuing with this restriction.

We also have to examine the possibility of relaxing the rules and qualifications with respect to casual earnings. Under the War Veterans Allowances Act a veteran is now, thank God, receiving around $941.68 a month and, if single, is allowed to earn an extra $2,700 a year. Some veterans who receive war veterans allowances cannot work. If they receive workmen's compensation or social assistance, that amount is deducted from their war veterans allowance pensions. In order to help them to live a decent life, they should not be penalized for any workmen's compensation or Canada Pension Plan benefits they may receive.

There is a need now to re-examine the veterans' program which was put into effect a few years ago, because there are too many aging veterans who are being refused benefits under that program. The answer I received from a question I put on the order paper shows that 20 per cent of the applications were being turned down. It think that that deserves some re-examination.

New legislation was tabled in the House of Commons to expand the veterans' program by $100 million over the next few years, but I think it is necessary, because too many people are being turned down, to re-examine that program.

Another grievance relates to the fact that veterans who served during the war but remained in Canada as instructors, even though they wanted to go overseas, are not eligible for war veterans allowances, while almost on an annual basis justification is being found by the War Veterans Allowance Board to make eligible many veterans who served in dangerous waters around the country.

Those are just some of things we should look into. I can only repeat that this is necessary because of the age of those veterans and the mounting bitterness across the country. Many veterans feel they are not receiving their just due.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I undertook to attempt to obtain information on bills we might expect to receive next week. Senator Flynn asked that I put that information on the record, if possible. The information I have is that three bills—notice of which was given yesterday, or earlier this week in any event—will be introduced in the other place today, and according to plans they will be disposed of there tomorrow.

Those bills do not have numbers because they have not been introduced, but the first piece of legislation is a bill to be sponsored by the Minister of Indian Affairs and Northern Development entitled, "An Act to amend the Yukon Quartz Mining Act"; secondly, a bill to be sponsored by the Deputy Prime Minister and Secretary of State for External Affairs entitled, "An Act to implement a treaty between Canada and the United States relating to the Skagit River and Ross Lake, and the Seven Mile Reservoir on the Pend d'Oreille River"; thirdly, a bill to be sponsored by the Deputy Prime Minister and Secretary of State for External Affairs entitled, "An Act to establish the Asia-Pacific Foundation of Canada." I wish to remind all honourable senators that when the Senate rises this afternoon there will be a meeting of the Standing Senate Committee on Energy and Natural Resources in Room 250 of the East Block.

Hon. Duff Roblin (Deputy Leader of the Opposition): Has my honourable friend any information about other legislation which we might expect next week? Is there any further legislation that we might expect?

Senator Frith: The three bills I have described are the only ones I can give you information on now, and the present plan is to dispose of those bills in the other house tomorrow. As to what will happen the following week, I have nothing further to add at the moment.

• (1510)

Senator Roblin: I presume, without knowing, that these three bills are three in which there seems to be a reasonable unanimity of opinion in the other place. I would not be surprised if that were the case. Thus, we might indeed find

that they will be passed in quick order. However, they really do not seem to me to be sufficient justification for meeting on Monday night just to give first reading to them. That is something which could well be done on Tuesday; and if this is all we have to do it will be pretty skimpy going.

Senator Frith: Honourable senators, the opposition now have notice with respect to these three bills. This gives them time to prepare their debate. We will try to obtain consent to introduce second reading, to have the government sponsors speak to these three bills. This will mean that by Tuesday we will be in a position to debate the bills on second reading. I believe we ought to keep to this schedule in order to remain ahead of the legislation coming from the other place. On this point there seems to be a difference of opinion.

There is no conclusive argument to convince anyone that it is absolutely necessary to meet on Monday evening. On balance, I have decided that with these three bills and other business which may come forward we will be kept busy Monday evening. We hope to receive a report from some committees next week about other bills presently at the committee stage. For those reasons, I feel we ought to proceed on this basis probably until June 30.

Senator Roblin: I appreciate the difficulties of my honourable friend in co-ordinating the business of the two houses; it is not an easy task. I appreciate his zeal in wishing to make some progress on bills, and I sympathize with him in this respect. I simply say that it is not probable that committees will be reporting Monday evening to this house. If they do, there is no possibility of debate on that occasion.

I say to him again that these three bills, important as they may be in certain respects, are not ones for which I feel any deviation from our usual procedure is required. I know that the house has passed the motion and that it is not likely to rescind it. In fact, under the rules I doubt that it could be rescinded. I simply say to my friend that it will be pretty thin gruel on Monday.

Senator Frith: Honourable senators, I ought to have added earlier that honourable senators will have noticed that the National Finance Committee has reported the main estimates. I expect that on Monday we will probably receive a report on supplementary estimates (A) from the finance committee as well. I believe I mentioned earlier in the week that we hope to receive a report with respect to supply. My information is that we will also probably receive the appropriation legislation dealing with the main estimates. Of course, the main estimates may be rather distasteful gruel but they are certainly not thin.

Senator Roblin: They are rich enough as far as the taxpayers are concerned; I grant you that.

Senator Frith: Precisely.

CANADIAN VETERANS

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE WITHDRAWN

On the motion:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues still facing Canadian veterans;

That the Committee be composed of 5 Senators to be designated at a later date;

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

That the Committee have power to adjourn from place to place within Canada;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than November 1, 1984.

Hon. Jack Marshall: Honourable senators, I wish to withdraw motion No. 1 standing in my name.

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

Hon. Senators: Agreed.

Motion withdrawn.

The Senate adjourned until Monday, June 4, 1984 at 8 p.m.

APPENDIX

(*See p. 641*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE
FOURTH REPORT

REPORT ON ESTIMATES LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1985

Thursday, May 31, 1984

The Committee on National Finance has the honour to present its

FOURTH REPORT

The Standing Senate Committee on National Finance to which the Estimates laid before Parliament for the fiscal year ending March 31, 1985, were referred, examined the said Estimates and presents, in obedience to the Order of Reference of February 23, 1984, its interim report as follows:

Organization of Hearings

The Committee chose to focus on two themes:

1. Government Accounting Principles in Canada
2. Part I of the Estimates: The Expenditure Plan

The Committee held five sessions during which it heard evidence from the following witnesses:

Issue No.	Date	Witness
5	May 10, 1984	Office of the Comptroller General Mr. J. A. MacDonald Deputy Comptroller General Policy Development Branch Mr. Richard Ranger Director, Public Accounts Directorate
6	May 15, 1984	Canadian Institute of Chartered Accountants Mr. D. Larry Meyers Chairman, Public Sector Accounting and Auditing Committee Mr. J. J. Kelly Director, Public Sector Accounting and Auditing Committee
7	May 17, 1984	Office of the Auditor General of Canada Mr. Kenneth Dye Auditor General of Canada Mr. L. K. Osland Assistant Auditor General Audit Operations Branch
8	May 22, 1984	Clarkson Gordon Mr. Brian S. Caine Partner Mr. L. D. Desautels Partner
9	May 24, 1984	The Honourable Herb Gray, P.C., M.P. President of the Treasury Board Mr. J. L. Manion Secretary of the Treasury Board

GOVERNMENT ACCOUNTING PRINCIPLES IN CANADA

The Committee chose to focus on Government Accounting Principles in Canada for a number of reasons:

1. The Auditor General, in giving an opinion on the financial statements of Canada for the year ending March 31, 1983, expressed four reservations, three of which were because, in his opinion, "the stated accounting policies are inappropriate for a fair presentation of the assets and liabilities and revenues and expenditures of the Government of Canada". The Committee wished to gain a better appreciation of the reasons for these reservations.
2. It is an essential feature of government accounting that the financial statements should compare actual results against the fiscal plan as expressed in the Estimates. In addition, the financial statements of Canada are prepared in strict conformity with the Appropriation Acts, which themselves are based on the votes contained in the Estimates. Thus, the Estimates in many respects dictate the accounting practices used in the financial statements. The Committee wished to determine whether certain questionable accounting practices result from the manner in which the law is drafted, or

from the manner in which it is interpreted by those preparing Canada's financial statements.

3. The Government of Canada submits financial data in the Budget and in the Public Accounts in two forms using different accounting principles—the Public Accounts form of presentation and the Extended National Accounts form of presentation—and it is important to understand the principles underlying these two calculations of the government's deficit.
4. In a federal state, federal and provincial governments should follow similar accounting principles. This is not now occuring at least in part because there are no generally accepted accounting principles for governments in Canada. The Canadian Institute of Chartered Accountants (CICA) has created a Public Sector Accounting and Auditing Committee (PSAAC), whose objective is to make recommendations designed to improve and harmonize public sector financial reporting, accounting and auditing practices. The Committee wished to become familiar with their recommendations to date and their future plans.
5. Two federal government studies of accounting principles are being undertaken by the parties most directly concerned. The Office of the Comptroller General has undertaken a study to determine the purpose of the federal financial statements and to develop a set of objectives to improve them. The Office of the Auditor General of Canada has commenced a Federal Government Reporting Study to determine who uses federal government financial reports, what information they need, and why. The Committee wished to hear about their plans and how as a user of government financial statements it could contribute to their research.

Reservations of the Auditor General

The hearings of the Committee focused on the reservations to the opinion of the Auditor General on the financial statements of the Government of Canada for the year ended March 31, 1983. In summary, these reservations pertained to his opinion that:

1. The statements, because of the exclusion of revenue and payments from oil export charges, failed to comply with the stated accounting policy that revenue shall consist of all tax and non-tax receipts, and expenditures shall consist of all charges to budgetary appropriations, which affect the deficit or surplus of the government.
2. The statements do not provide a comprehensive and complete summary of the government's assets, liabilities, revenues and expenditures because significant departmental activities are reported in separate financial statements of, for example, the Unemployment Insurance Account and the Canada Pension Plan Account, and because the assets, liabilities, revenues and expenditures of Crown corporations are not consolidated with those reported.
3. Assets are reported at amounts in excess of their value because international development assistance loans and subscriptions are recorded at the full amounts advanced despite their concessionary terms.
4. There are unrecorded liabilities because the statements do not include amounts payable under statutory authorities, certain employee benefits are not accrued and potential obligations under guarantees are not recorded.

Conflict Between the Law and Economic Substance

Witnesses from the Office of the Comptroller General stressed the importance of the federal government accounting to Parliament in strict conformity with the law. The Auditor General of Canada, while acknowledging that the federal government selects those accounting policies that comply with authorities, observed that this results in financial statements that present a confusing and incomplete picture of the government's financial position and results of operations.

The Committee is concerned that strict adherence with legal authorities has resulted in the use of accounting procedures that convey inadequate or even misleading financial information. The Committee considers that the financial statements should be designed to provide the maximum amount of information on the economic effects of government activities. The Committee believes that the financial statements should account for government activities in the light of the policies of the government at the time they are prepared. The law should be interpreted in accordance with these policies, or if necessary changed to permit fair reporting of the true state of the government's financial affairs.

The Financial Administration Act now provides general authority for the appropriate ministers to decide on the form and content of the financial statements included in the Public Accounts. If this is not sufficient to enable financial statements to be prepared which report the economic substance of the government's activities, the Committee believes amendments to the authorizing legislation should be proposed. The Committee also believes that future legislation should not contain accounting provisions, which if strictly construed could result in misleading financial statements.

Supplementary Financial Statements

Reporting on individual appropriations, funds or corporations, as is now being done is accordance with the law, will not of itself communicate fairly the financial position or the financial results of the government. Most users lack the time and skills needed to extract and compile this information from the detailed statements, schedules and notes contained in the Public Accounts, and often all the information is not available. The Committee noted that the Governments of Alberta and British Columbia have commenced the practice of issuing supplementary financial statements aggregating specified purpose accounts and Crown corporation statements with those of their general revenue funds. The Committee recommends that the

federal government also adopt the practice of providing supplementary statements.

The Committee recognizes that in preparing such a statement the government would need to resolve a number of accounting issues and uncertainties. Accordingly, these statements should be issued for information purposes only until these issues are discussed with other governments and standards are agreed to.

Generally Accepted Accounting Principles for Governments

The Committee considers that the government's first priority should be to restore public confidence in the financial information it reports by taking such actions as are necessary to enable the Auditor General to remove the present reservations to his opinion on the financial statements of Canada. Fair reporting of its financial condition and results should be its primary objective, but where options are available consistency with other Canadian governments is obviously desirable.

The Committee believes that it is important for all Canadian governments to utilize similar accounting practice if comparisons are to be made among them and if the financial affairs of all Canadian governments are to be compiled in a consistent fashion so that their total impact on the economy can be properly measured.

Generally accepted accounting principles for governments in Canada should be developed and the Committee encourages the CICA to expedite its efforts to formulate and recommend such principles to governments. The Canadian Government should continue to participate actively in the CICA's endeavours, provide the leadership expected of the federal government, and seek to achieve federal/provincial agreement on standards for government financial reporting. The Committee believes the government should consider the CICA's recommendations as soon as they are agreed to, and the Auditor General should draw attention in his report to any instances where the CICA's recommendations are not followed.

Other Accounting Issues

During the Committee's hearings a number of specific accounting practices were raised, particularly those forming the basis for the reservations to the Auditor General's opinion on the financial statements for the year ended March 31, 1983. Since the process of establishing and reaching agreement on generally accepted accounting practices may take time, the Committee urges the Offices of the Comptroller General and the Auditor General to resolve these issues expeditiously so that the Auditor General's reservations will no longer be required and the credibility of Canada's financial statements will be enhanced. Although the Committee's hearings were not extensive enough to permit it to take a firm position on these issues, the following views of the Committee are set forth as guidance to the Comptroller General and the Auditor General in studying these issues.

1. Accounting for Revenues and Expenditures.

   The notes to the financial statements identify two basic concepts underlying the government's accounting system: one requiring that all duties and revenues received "shall form part of One Consolidated Revenue Fund", and the second that "the balance of the Fund shall be appropriated by the Parliament of Canada". Both of these are designed to enhance parliamentary control. The Committee endorses these basic concepts, and believes that all revenues emanating from parliamentary authority should be accounted for as revenues of Canada, and all expenditures authorized under appropriations granted by Parliament should be accounted for as expenditures. The present accounting for oil export charges illustrates a practice that is contrary to these basic concepts, and in the Committee's opinion should be changed.

2. Fragmented Reporting of Government Activities.

   The Committee has already expressed its views in favour of supplementary financial reporting on all government activities. This will partly respond to the Auditor General's concern.

   The Committee considered more specifically the present accounting treatment of specified purpose accounts, particularly the Unemployment Insurance Account and the Canada Pension Plan Account. The revenues and expenditures credited or charged to these accounts are not included with the revenues and expenditures of Canada, and any deficiency of revenue is shown as an asset recoverable by Canada and any excess of revenue is shown as a liability payable by Canada. The justification for this treatment appears to be that these funds are administered in trust for third parties and current legislation limits the liability of the Government of Canada.

   Under the government's accounting policies, unemployment insurance contributions received from employers and employees, benefits paid and administrative expenditures are recorded through the Unemployment Insurance Account. Legislation permits the government to advance funds to the Account to cover any deficiency until sufficient revenues are received from contributors or Parliament authorizes additional budgetary appropriations. As at March 31, 1983, the net deficit of $3.6 billion was shown as a negative liability, or asset, even though these statements were dated almost six months later and no action had been taken to increase contributions.

   The situation in respect of the Canada Pension Plan Account is somewhat different in that contributions still exceed payments out of the Account. The Chief Actuary of the Government of Canada, however, has estimated that $147.9 billion would be required to pay all future benefits as at December 31, 1982. This liability has not been recorded in the accounts of Canada because, although benefits are defined, the government's legal obligation is limited to the balance in the Account.

These examples illustrate the effect of reporting in strict compliance with the law. Both the Unemployment Insurance Account and the Canada Pension Plan Account were established under laws passed by the Parliament of Canada, and Parliament can be expected to take whatever actions are necessary to ensure that beneficiaries receive their entitlements under the law. Accordingly, the Committee believes that the government should reconsider its present accounting practices.

The other reason why Canada's financial statements are not complete concerns the accounting for Canada's investment in Crown corporations. Their transactions are included in the revenues and expenditures of Canada only to the extent that Parliament appropriates funds for them on a budgetary basis, or they pay dividends or interest into the Consolidated Revenue Fund. Canada's investment is recorded as an asset and the Financial Administration Act permits the responsible ministers to establish a provision or allowance where they believe Canada's investment in these corporations is overstated in relation to their underlying values. Although together these provisions may result in fair reporting, the Committee believes that the statements, would be more informative and complete if Crown corporations were consolidated or their changing values were picked up through the equity method of accounting.

3. Assets Reported at Amounts in Excess of their Value.

The Committee heard views on both sides of the question of whether international development assistance loans and subscriptions are fairly recorded when they are shown at full value. However, it concluded that modifying the present practice and valuing these assets on a present value basis when they are advanced at concessionary interest rates, would be inconsistent with the manner in which other assets and liabilities are valued. Accordingly the Committee considers that this practice should not be introduced until a review has been completed of all other assets and liabilities for which the same practice might be appropriate and a generally applicable approach agreed upon.

4. Unrecorded Liabilities.

The Committee noted that the Government of Canada reports most of its liabilities on its financial statements. However, there are some noticeable omissions such as some employee benefits and guarantees of Crown corporation debts. It appears that the reason for not accruing certain employee benefits or obligations under guarantees is that Parliament has not provided the necessary authority to discharge them and there is uncertainty as to whether it will do so. This again illustrates how too strict an interpretation of the law can lead to misleading information. The law does not prevent such liabilities being recorded. The Committee believes that Parliament will honour commitments to its employees or to others under guarantees, and the legal uncertainty can be explained in a note to the statements.

5. Accounting for Capital Expenditures.

Several witnesses drew the Committee's attention to the fact that the main difference between the government's accounting practices and those of profit-oriented enterprises lies in the different treatment of capital expenditures. In government, these are written off as expenditures when funds are disbursed, since that is the time when suppliers derive economic benefit whereas profit-oriented enterprises record them as assets and amortize their cost over the period of their useful lives so as to measure the full costs of services rendered. The Committee noted that similar practices to those of profit-oriented enterprises are used in statements prepared on a National Accounts basis. The Committee appreciates the complexity of this issue, and therefore suggests that the question ought to be further reviewed by the Offices of the Comptroller General and Auditor General as part of the studies they are conducting.

PART I OF THE ESTIMATES: THE EXPENDITURE PLAN

The President of the Treasury Board reported that the 1984-85 Government Expenditure Plan calls for total outlays of $98.2 billion. These Main Estimates seek authority for budgetary expenditures of $96.5 billion and for $1.2 billion in loans, investments and advances. The overall expenditures also include $3.1 billion in envelope reserves and a special reserve of $800 million to cover adjustments to statutory programs.

This forecast of total outlays of $98.2 billion is an increase of 8.3% over the revised forecast for 1983-84 and is the lowest rate of growth of total outlays in six years.

The Main Estimates of $96.5 billion is 10.4% higher than the 1983-84 Main Estimates and represents a substantial decrease from last year's increase of 17.9% over 1982-83 Main Estimates.

The President of the Treasury Board was asked about the mechanisms to ensure that departments and agencies were spending their funds according to their stated policies. Concern about the funding of a film by the National Film Board about Billy Bishop raised questions whether the NFB was following its declared policy "to initiate and provide for the production and distribution of films in the national interest, and in particular . . . films designed to interpret Canada to Canadians and other nations". The Committee members were concerned that public funds had been used to produce a film which many groups and individuals felt contained inaccuracies which were damaging to Canada and to the memory of Billy Bishop. Committee members suggested that NFB officials should be invited to appear before an appropriate Senate Committee to discuss its mandate and activities.

The Canada Post Corporation is seeking $170 million for "infrastructure costs related to cultural mailings". This item

had previously appeared in the 1983-84 Supplementary Estimates "C". Treasury Board officials explained that the $170 million is compensation to Canada Post for building additional plants and facilities to handle the half billion pieces of second class mail under the cultural mailings. This amount will be paid annually until 1986-87 when it declines to $100 million and it becomes zero in 1987-88, by which date the cost of the additional equipment would be amortized.

Respectfully submitted.

FERNAND-E. LEBLANC
Deputy Chairman

THE SENATE

Monday, June 4, 1984

The Senate met at 8 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

[*Translation*]

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker *pro tempore:* Honourable senators, I have the honour to inform the Senate that in conformity with rule 112, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1983-84.

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[*English*]

YUKON QUARTZ MINING ACT

BILL TO AMEND—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-44, to amend the Yukon Quartz Mining Act.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

BILL TO IMPLEMENT A TREATY RELATING TO THE SKAGIT RIVER VALLEY

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-41, relating to the Skagit River Valley and Ross Lake, and the Seven Mile Reservoir on the Pend d'Oreille River.

Bill read first time.

Hon. H. A. Olson (Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later today.

Motion agreed to.

[*English*]

ASIA-PACIFIC FOUNDATION OF CANADA BILL

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-42, to establish the Asia-Pacific Foundation of Canada.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—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-241, to amend the Senate and House of Commons Act.

Bill read first time.

Hon. C. William Doody moved, with leave of the Senate and notwithstanding Rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[*English*]

THE ESTIMATES 1984-85

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Hon. C. William Doody: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on National Finance on supplementary estimates (A) for the fiscal year ending March 31, 1985. I ask that the report be printed as an appendix to the *Debates of the Senate*

and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tempore*: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see Appendix "A", p. 664)

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

Senator Doody: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(a):

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit on Wednesday, June 6, 1984, while the Senate is sitting, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

YOUTH

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(a):

> That the Special Senate Committee on Youth have power to sit on Wednesday, June 6, 1984, while the Senate is sitting, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

• (2010)

[*English*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Tuesday, June 5, 1984, at 8 o'clock in the evening.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the plan I outlined last week was to sit Monday evening at 8 o'clock and each ensuing afternoon, Tuesday, Wednesday and Thursday, at 2 o'clock. However, there are many committee meetings tomorrow, some of them dealing with legislation. There will likely be a vote in the other place on the appropriation bill covering on the main estimates and, I expect, on supplementary estimates (A), which were tabled this evening by the honourable Senator Doody, at a quarter to six tomorrow. If the appropriation bill is passed in the other place, we could deal with the first speech on second reading tomorrow evening and could thus have a head start on the major pieces of legislation. That is why I am proposing that we sit at 8 o'clock tomorrow evening rather than at 2 o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

IMMIGRATION

MARRIAGES OF CONVENIENCE—OFFICIAL DISCRETION

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Stollery on May 8, 1984, concerning guidelines and rules given to immigration officers in cases involving marriages of convenience. Since it is a rather lengthy reply, I ask that it be taken as though it had been read.

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

Hon. Senators: Agreed.

(The answer follows:)

> Amendments to section 4 of the Immigration Regulations, 1978 which came into effect on April 1, 1984 preclude a Canadian citizen and a permanent resident from sponsoring the application of their spouse for landing in Canada where the spouse entered into marriage primarily for the purpose of circumventing immigration law in order to gain admission to Canada as a member of the family class and not with the intention of residing permanently with the other spouse.
>
> A measure of subjectivity is required in the application of the immigration selection requirements as they apply to all classes of immigrants, not only to members of the family class. Guidelines currently in effect as a result of these regulatory amendments require immigration officers to outline in writing the detailed facts which led the officer to believe that a marriage is one of convenience. These facts in writing form part of the Record which goes before the Immigration Appeal Board when a Canadian citizen, who has sponsored an application for landing that is refused, exercises his/her right under subsection 79(2) of the Immigration Act to appeal the immigration officer's refusal to approve the application to the Immigration Appeal Board.

CANADIAN SPORTS POOL CORPORATION

APPOINTMENTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Asselin on May 30, 1984, concerning appointments made to the Canadian Sports Pool Corporation. Because the answer is brief I may as well read it.

Hon. Jacques Flynn (Leader of the Opposition): So long as it is adequate.

Senator Olson: Yes, it is adequate but it does not take many words to attain that adequacy.

Senator Flynn: That is surprising.

Senator Olson: Honourable senators, it is not government policy to provide lists of employees of crown corporations, whether the corporation involved is Air Canada, Canada Post or the Canadian Sports Pool Corporation.

As far as the distributors are concerned, none have been appointed as yet. The Canadian Sports Pool Corporation is still considering the 1,200 applications that were made in response to the advertisement of February 20, 1984, which appeared in the Canadian newspapers.

SALE OF TICKETS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Flynn on May 30, 1984, concerning the total ticket sales of the Canadian Sports Pool Corporation through May 30, 1984. Although the answer is relatively brief, it is, nevertheless, adequate.

I am informed that no figures are available on a weekly basis for ticket sales of the Canadian Sports Pool Corporation. However, these figures will be compiled on a monthly basis and I will be pleased to provide them to Senator Flynn as soon as the first month's sales figures are available.

YUKON QUARTZ MINING ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Joseph-Philippe Guay moved the second reading of Bill C-44, to amend the Yukon Quartz Mining Act.

He said: Honourable senators, I am pleased to have this opportunity to speak on a matter of considerable importance and concern to the mining industry and to the people of the Yukon Territory.

Since the days of the Klondike Gold Rush at the turn of the century, mining has played a significant and central role in the Yukon's development.

Its communities, its roads and highways, and, to a certain extent, the character of its people have been shaped by the search for and exploitation of the rich minerals that lie beneath the surface.

In recent years, Yukon mining has accounted for approximately three per cent of Canada's total mineral production. It provides about ten per cent of the Yukon's employment and is the single most important non-government contributor to the Territory's gross domestic product.

Mr. Speaker and honourable senators, the Yukon's industries have gone through a difficult period in the early part of the 1980s. The Cyprus Anvil Mine at Faro, by far the largest mining operation in the Territory, was forced to suspend operations temporarily in 1982 due to the world recession and low prices for lead and zinc, its principal products.

Nevertheless, honourable senators, the present government believes that the long-term prospects for northern mining are good and it has undertaken a number of steps both to strengthen the current situation and to encourage accelerated exploration and development in the decades ahead.

Through the persistent efforts of the federal government, working with the Cyprus Anvil Mining Corporation and the United Mine Workers, we have been able to keep that mine operating during these present adverse economic conditions. We are optimistic that Cyprus Anvil will be able to return to production later this year or early in 1985.

In another recent move, the government has acted to provide new directives to the Yukon Territory Water Board which provide an interim compromise in the matter of placer mining in Yukon streams and rivers.

Placer mining has had a significant resurgence over the last few years with the buoyant prices in effect for precious metals. However, potential conflict between miners and those responsible for environmental protection threatened the stability of this industry.

The government's directive has had the effect of stabilizing this situation pending the results of research efforts to develop new technology which will minimize the adverse effect of placer mining on water quality.

On a broader scale, the government has been working closely for some time now with the territorial governments and the mining industry to develop a comprehensive northern mineral policy. They will shortly start releasing mineral policy issue papers dealing with the major concerns relating to long-term viability of northern mines and their impact on northern economic development.

So the government is working very hard indeed to stabilize and promote the development of this industry, which is so vital to the northern territories and to all Canadians. There are in the North reserves of lead, zinc, iron ore, coal and tungsten, which give promise of expanded opportunities in the decades to come. So it is important that we in government do everything possible to promote and encourage the orderly development of these resources.

● (2020)

Honourable senators, this brings me to the legislation we have before us for consideration tonight—Bill C-44 which deals with important amendments to the Yukon Quartz Mining Act. Although these amendments involve altering only

one section of the existing act, they have great significance for the stability and development of the mining industry in Yukon. For this reason, I hope honourable senators will see fit to give them speedy consideration and early passage. The Yukon Quartz Mining Act is one of a number of pieces of legislation governing the administration of mineral exploration and development in Yukon. It delineates the law over prospecting and claim staking in Yukon for a wide range of minerals.

This is an old act, and many of its provisions are in need of review and revision. Section 12, with which we are dealing today, places severe limitations on the right to stake claims. It restricts an individual to staking only eight mineral claims within a 16.09 kilometre radius during any twelve-month period. Many years ago, most prospecting and mining operations were basically small-scale, and such restriction was felt both necessary and desirable. However, modern exploration techniques have evolved beyond the search for outcrops of minerals and the staking of that surface showing. Today, chemical and physical measurements are made to find broad areas in which follow-up work may identify smaller targets hidden in the subsurface for detailed exploration. This process can be costly and companies and individuals who have identified the broad surface areas wish to secure rights to those areas pending the definition of the small suburface target areas. For this reason the eight-claim limit is no longer appropriate.

Through the years, the practice has developed whereby a company will hire a number of stakers, each of whom will stake eight claims, will record these under his or her own name and will later transfer the claims to the company. Thus, a company is able to acquire the large blocks of ground necessary to justify the cost of modern exploration. What concerns the government and those engaged in northern mineral development is that a court test could well rule that this prevalent practice contravenes section 12 of the Yukon Quartz Mining Act. Such a ruling would deal a serious blow to the future of mineral exploration in Yukon. It could also throw into question the validity of all claims staked in this manner over the years.

The amendments before us today will remove the limit placed on the number of mineral claims allowed to be staked by an individual; remove provisions regarding the staking of mineral claims by attorney and validate existing claims at least in regard to the provisions of section 12. If adopted, these amendments would bring the law concerning claims staking in Yukon in line with other jurisdictions in Canada. For example, the Canada mining regulations in the Northwest Territories were amended nine years ago to remove a similar restriction.

Honourable senators, the adoption of this bill will lay to rest a potentially serious problem for mining exploration in Yukon and will provide the industry with clear rules geared to the realities of the 1980s.

The bill before us has the support of the Yukon government and its citizens, of the mining industry and of the federal government. It received the unanimous approval of all parties in the House of Commons last week.

Honourable senators, I believe this bill merits the support of all of us in this chamber.

Hon. Senators: Hear, hear.

On motion of Senator Macdonald, debate adjourned.

SKAGIT RIVER VALLEY TREATY IMPLEMENTATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. D. G. Steuart moved the second reading of Bill C-41, to implement a treaty between Canada and the United States relating to the Skagit River and Ross Lake, and the Seven Mile Reservoir on the Pend d'Oreille River.

He said: Honourable senators, Bill C-41 will provide essential federal support for the Skagit settlement. The settlement will resolve, to the satisfaction of all parties, a long-standing irritant in Canada-United States relations centred on the threatened flooding of the Skagit River Valley in British Columbia. The settlement formula, of which the treaty is a necessary element, was developed during negotiations involving the governments of Canada, the United States, British Columbia and the city of Seattle. When ratified and implemented by all parties, the settlement will remove the threat of flooding, thus leaving the Skagit River Valley in its present natural state.

The Skagit River Valley treaty implementation bill, when adopted by Parliament, will accomplish three things. First, it will provide a solid basis for federal support of the overall Skagit settlement. Second, the bill will provide authorization for British Columbia to export electrical power to the city of Seattle for eight years—a basic provision of the settlement. Third, the bill will provide a federal guarantee of provincial financial obligations in the unlikely event that British Columbia should terminate or be found in material breach of its obligations to export electrical power to the United States.

The proposed settlement is contained in three documents. The basic document is a detailed agreement between British Columbia and Seattle, those parties most directly involved with the issue. This document was signed in Vancouver on March 30, 1984. The agreement is supported by the Canada-United States Skagit River Valley Treaty which resolves those elements of the settlement which British Columbia and Seattle lack jurisdiction to deal with themselves.

The Skagit treaty was signed by the Deputy Prime Minister and Secretary of State for External Affairs on behalf of the Government of Canada when Mr. MacEachen met with United States Secretary of State Shultz in Washington, D.C., on April 2, 1984.

• (2030)

The third document is the Canada-British Columbia agreement which supplements the treaty and clarifies the roles of the federal and provincial governments. I might also mention that this agreement would enable the federal government to recover from the province any moneys paid out under the terms of the federal guarantee.

One of the essential provisions in the British Columbia-Seattle agreement is the obligation on the part of the province to supply electrical power to Seattle for an 80-year period from 1986 to the year 2066. Currently, the National Energy Board Act restricts the authority of the Governor in Council to approve export of electricity for a period not exceeding 25 years. In order to overcome this restriction and permit British Columbia to meet its obligations, the Government of Canada undertook, in the Skagit River Valley Treaty, to seek the authorization of Parliament through this act to approve in this specific case the export of electrical power by British Columbia for the said period of 80 years.

The other essential provision of the British Columbia-Seattle agreement, supported by the treaty and addressed by this act, is the undertaking of the federal government, matched by a similar undertaking by the United States government in respect of Seattle's obligation, that is, to guarantee potential financial obligations on the part of British Columbia under its agreement with Seattle.

The Canada-British Columbia agreement, which is to be signed very soon, will ensure that the federal treasury is reimbursed fully in the highly unlikely event that funds are paid out on British Columbia's behalf.

Honourable senators, let me very briefly outline the background of the issue which has made this act necessary. In 1942, the City of Seattle obtained an order of approval from the International Joint Commission to raise the Ross Dam, and thus flood the Skagit River Valley. Opposition to this proposal grew in Canada, gaining considerable momentum in the 1960s. In the 1970s, active opposition to the order proved unable to reverse Seattle's authority to raise the Ross Dam and flood this valley. However, in 1982, the International Joint Commission suspended its 1942 order and established a joint consultative group on the Skagit River Valley to oversee the development of a satisfactory agreement between British Columbia and the City of Seattle. This group was co-chaired by Commissioners Richmond Olson from Canada and Keith Bulen from the United States of the International Joint Commission and included representatives of the Governments of Canada, the United States, British Columbia and the City of Seattle.

In December 1983, the group formally reached consensus on a settlement package proposal consisting of the previously mentioned British Columbia-Seattle agreement, the Skagit River Valley Treaty and the Canada-British Columbia agreement. The basic provisions of the settlement, which all the documents support in their individual ways, are that Seattle agrees not to raise the Ross Dam and flood the Skagit River Valley in return for a commitment from British Columbia to supply the city with the equivalent electric power it would have obtained had it been allowed to raise the dam. British Columbia will be paid, over a period of 35 years, the amount equivalent to the cost of building the dam plus an annual fee in lieu of maintenance costs. As the estimated life of the dam would have been 80 years, the agreement has been set to run for this length of time.

The settlement is a very sensible solution to a long-standing and complex problem, one which serves to respond to the interests of all the parties concerned. It is further testimony to the value of the International Joint Commission, whose dedication and skill has once again succeeded in resolving a long-standing and difficult dispute with our American friends. The approval of the Skagit River Valley Treaty Implementation Act is necessary if Canada is to fulfill its commitment to ensure the success of the settlement. It is part of an over-all settlement formally developed in the closest co-operation with British Columbia. Therefore, by adopting this Bill C-41, Parliament will not only authorize the export of electrical power and provide a recoverable financial guarantee, but it will also ensure that important provincial expectations are met by positive, supportive federal action.

Honourable senators, this is a sound bill reflecting a sensible solution to a complex problem, and one which merits our fullest support.

On motion of Senator Flynn, debate adjourned.

ASIA-PACIFIC FOUNDATION OF CANADA BILL

SECOND READING—DEBATE ADJOURNED

Hon. D. G. Steuart moved the second reading of Bill C-42, to establish the Asia-Pacific Foundation of Canada.

He said: Honourable senators, it is with great pleasure that I propose to this chamber the establishment of the Asia-Pacific Foundation of Canada, which will have as its objective the development of closer ties between the peoples and the institutions of Canada and the peoples and the institutions of the Asia-Pacific region.

Canada's links with this region, which extend from the Pacific Rim to South Asia and includes more than one-half of the world's population, have existed since the creation of Canada as a nation. However, it is only in recent years that a greater awareness has permeated the Canadian consciousness of the extraordinary importance to our future of the Asia-Pacific region. While Canada today is increasingly looking west across the Pacific, that does not mean that Canadians are just discovering the region. Our connections with the region are as steeped in history as are the very beginnings of our country.

Canada opened its first commercial office in the Asia-Pacific region in Sydney, Australia, in 1894. Melbourne, Yokohama, Shanghai and Calcutta followed over the next few years. In 1929, one of Canada's first diplomatic posts abroad was its legation in Tokyo. Today Canada maintains 17 diplomatic and consular posts to serve the rapidly expanding interests in that region.

The maintenance of peace and stability in the region has been a major preoccupation of Canadians for many years, beginning in the 1940s and 1950s when Canadian troops participated in the defence of Hong Kong, and later in the U.N. action in Korea. In another part of Asia, Canada served for many years on the Indochina Control Commission in

Vietnam, Cambodia and Laos. Canada's interest in stability and security in Asia remains as strong today as it was then, and we have joined with many other nations in the region in condemning aggression in Afghanistan and Cambodia.

The economic and development needs of Asia have historically attracted the attention of Canadians and the Canadian government. The idealism which motivated Canadians to travel to Asia as missionaries, doctors and teachers was a genuine manifestation of the recognition of our important human ties with Asia.

In more recent years, individuals have contributed directly through their involvement with the activities of the Canadian International Development Agency, CUSO, the International Development Research Centre and other organizations. Canada was a founding member of the Colombo Plan and through this and other agencies, such as the Asian Development Bank, has formulated very extensive programs of bilateral and multilateral development assistance to that region.

Despite all those historic linkages, we, as a nation, have tended not to demonstrate a sufficient consciousness of our relationship with the region and our capacity to benefit from its immense potential. It was for that reason that over ten years ago the review of the Canadian foreign policy priorities highlighted the Asia-Pacific region as an area of challenge and opportunity. During the past decade, two-way trade with the region has multiplied six times. Canadian exports have increased faster to this region than to any other area of the globe. In 1982, two-way trade with the countries of the Asia-Pacific region surpassed our transatlantic trade for the first time.

That our relationship with the region has been steadily increasing over the past decade is also evident when one considers that in 1983, for example, 33,000 students from the region were studying in Canada; that immigration to Canada from the region was approximately 78,000 or 45 per cent of the total immigration to Canada; and that in fiscal year 1982-83, Canadian bilateral aid to the region was $305 million.

It is in recognition of these salient realities that the government saw the need to enhance this relationship and to make Canadians more aware of both our country's Pacific dimension and the opportunities for economic co-operation which exist. Thus, in 1983, a founding committee of the Asia-Pacific Foundation was created under the chairmanship of Mr. John Bruk, a leading British Columbia businessman. The committee was asked to make recommendations to the government by July, 1984 on the possible structure, objectives and activities for an Asia-Pacific Foundation. In fact, the committee produced its recommendations well in advance of that date. In reaching their conclusions, Mr. Bruk and his Founding Committee, travelled widely within Canada and held discussions with a broad cross-section of individuals, including representatives of provincial governments, businessmen, academics, and others with a strong interest in the Asia-Pacific region. The response to the Founding Committee's research was extremely encouraging, and in the Speech from the Throne in December 1983, it was announced that the government intended to facilitate the creation of the Asia-Pacific Foundation.

● (2040)

The aims of the Asia-Pacific Foundation reflect the outcome of the Founding Committee's extensive research. These objectives are: (1) to heighten Canadian awareness that Canada is a Pacific nation as well as an Atlantic nation; (2) to raise Canada's profile in the Asia and the Pacific region; (3) to increase Canadian participation in the region's economic prosperity; (4) to focus on policy choices facing decision-makers in the private and public sectors and to generate public support for new policy initiatives; (5) to assist business to be better prepared and more informed about Asia-Pacific affairs; and (6) to educate and train Canadian young people so that they will have the knowledge and skills to support Canada's future role in the Asia-Pacific area.

The objectives and organization of the proposed foundation are to some extent a new venture in Canadian legislative experience. The structure provides for the federal government to appoint the chairman and nine other members of the board of directors following consultation with members of the Founding Committee. The other 20 directors would be appointed by the board of directors itself, and would include representatives of the provinces and from the non-governmental sector, such as business, labour and the academic world. In drafting this legislation we have been guided by the desirability of giving the board the maximum possible discretion regarding its composition and functioning.

The government has developed a five-year funding strategy of $5 million for the foundation, with an initial financial subvention of $1 million. It is hoped that provincial governments and the the non-governmental sector will contribute to the foundation, both by supporting its operations and in a financing context. I am pleased to learn that a number of provincial governments and private sector corporations have already indicated interest in supporting the foundation. It is intended that the federal and provincial governments and the Canadian private sector should work as partners in the operation of this private non-profit and non-partisan foundation.

Honourable senators, the Asia-Pacific region represents a major element in Canada's future. Our security and prosperity will, to a great measure depend on developments across the Pacific. The foundation will symbolize Canada's growing involvement in and commitment to the region, and will provide the means to strengthen mutual understanding with its peoples. It will enhance commercial opportunities and expand human and cultural relations with this dynamic and fascinating area of the world. I would hope, honourable senators, there will be the desire in this chamber to support this legislation and pass this bill as quickly as possible.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask who the sponsor of the bill was in the other place?

Senator Steuart: Do you mean the minister?

Senator Flynn: Yes, it could be.

Senator Steuart: It was the Honourable Jean-Luc Pepin.

Senator Flynn: Was the speech that Senator Steuart just read the one that was prepared for the Honourable Jean-Luc Pepin? It sounded like that.

Senator Steuart: It sounded like what?

Senator Flynn: It sounded like a speech prepared for the Honourable Jean-Luc Pepin and not for you.

Senator Steuart: Well, he is taller than I am, but I handle it pretty well from this area, anyway. The author may be up in the gallery, if you would like him to take a bow.

Senator Flynn: I must praise the sponsor for the deep conviction in which he recited the speech.

Some Hon. Senators: Hear, hear.

On motion of Senator Macdonald, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

VETERANS AFFAIRS—COMMITTEE AUTHORIZED TO TRAVEL FROM PLACE TO PLACE IN CANADA

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:

That the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on 4th April, 1984, to examine the expenditures pertaining to Veterans Affairs set out in the Estimates laid before Parliament for the fiscal year ending March 3l, 1985, be empowered to travel from place to place within Canada for the purpose of such examination;

That the Committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the Committee; and

That the Committee present its report no later than November 1, 1984.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, when I adjourned the debate on this order last Thursday it was to have the opportunity to speak to Senator Marshall and Senator Bonnell about the motion. I have done so, and I understand that both of those senators have discussed it and that they have plans to handle this reference, and therefore I suggest that we agree to the motion.

Motion agreed to.

[*Translation*]

THE ESTIMATES 1984-85

CONSIDERATION OF FOURTH REPORT OF NATIONAL FINANCE COMMITTEE

The Senate proceeded to consideration of the fourth report of the Standing Committee on National Finance, tabled on Thursday, May 31, 1984.

[Senator Flynn.]

Hon. Fernand-E. Leblanc: Honourable senators, the report is quite comprehensive. It is very technical and if I were to add anything to it, it might create more confusion. Consequently, I refer honourable senators to the fourth report, and I call for its adoption.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not think we usually adopt these reports. They are often spoken to and then we simply treat them as having been dealt with if no one has anything to add.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my understanding is that there was no motion. It was simply for consideration.

Senator Frith: That is why I suggested what I did.

I mentioned to Senator Doody, who is Chairman of the National Finance Committee—the report was presented by the deputy chairman—that Senator Leblanc intended to do this, and this is satisfactory to Senator Doody.

The Hon. the Speaker *pro tempore:* As no other senator wishes to participate, this order is considered debated.

[*Translation*]

CANADIAN AND EUROPEAN PARLIAMENTS

TWELFTH INTER-PARLIAMENTARY MEETING OF DELEGATIONS—STRASBOURG, FRANCE

Hon. Fernand-E. Leblanc rose, pursuant to notice of May 29, 1984:

That he will call the attention of the Senate to the Twelfth Inter-Parliamentary Meeting of Delegations of Canadian and European Parliaments held at Strasbourg, France, from March 26 to March 30, 1984.

He said: Honourable senators, with leave of the Senate, I wish to table the report of the Twelfth Annual Meeting of the Delegations of Canadian and European Parliaments, in both official languages of this country. I move that the report be printed as an appendix to the *Debates of the Senate* of this day and 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 "B" p. 665.*)

Senator Leblanc: Since leave is granted, I shall not read the full report but only give a brief summary. The meeting was held at the Palais de l'Europe in Strasbourg, France, from March 26 to March 30 this year.

The Canadian delegation was led by Aideen Nicholson, President of the Canada-Europe Inter-Parliamentary Association, and I wish to congratulate her on her effective approach to this meeting. Senators Bielish, Kelly, Le Moyne and myself and eight members of the House of Commons constituted the Canadian delegation.

I also wish to congratulate the entire delegation on its active, ongoing and effective participation.

The meeting in Strasbourg was held during a plenary session of the European Parliament, so that the Canadian delegation was able to see the Parliament at work. We met the Speaker, Mr. Piet Dankert, and were present when the President of the European Commission, Mr. Gaston Thorn, and the French Minister for Foreign Affairs, Mr. Claude Cheysson, now President of the Council of European Ministers, tabled their reports.

In the middle of this month, practically at the same time as the Liberal Party leadership convention here in Canada, the European Parliament will be facing its second election. Before the formal discussions got under way, we had an opportunity to gain a better insight into the political atmosphere when we met with the leaders of the six political groups of the European Parliament. In my opinion, it is important to understand how the parties operate in the European Parliament. As honourable senators know, European members do not sit on the basis of their nationality but rather according to their political affiliation. The political groups are a mixture of the political parties of the European Economic Community's ten member nations.

For instance, members of the British Labour Party belong to the socialist group, which includes members of the socialist parties of France, Holland, West Germany and others. The exchange of views of those party leaders made it possible for the Canadian delegation to assess the role of the European Community and its Parliament, and to question them on current issues, including the Community's budgetary crisis, which had been raised by Mrs. Thatcher.

As evidenced by the report which was tabled, the agenda of bilateral discussions between the two delegations was far-reaching. The Canadian delegation pointed out to the Europeans that the latest fishing agreement had not signaled the end of all fishing problems with the EEC. Canada is particularly concerned about what might happen should the Spaniards become members of the EEC—they have applied, as did the Portuguese—and chose to exert pressure to obtain an increase allowing them to fish offshore in Canadian waters. Both delegations expressed concern about declining salmon stocks and recommended negotiations to settle the problem.

During discussions on the EEC's Common Agricultural Policy, the Canadian delegation was critical of the new CAP-imposed levies and import barriers on certain Canadian products as well as of the CAP grant and price support system. European barriers recently established against imports of Canadian newsprint, which Canada finds unacceptable, came up for discussion. The Canadian government has submitted this file to GATT for a decision. During the discussion of the Canadian security measures for uranium exports to the European Community, the Canadian delegation indicated again its concern about the entry of Spain into the Community, that country not having signed the non proliferation treaty.

There was a witty exchange between the two delegations concerning provincial controls over the imports of European wines, Ontario being singled out as not conforming to the agreements entered into following the last GATT round of custom tariff negotiations. The Europeans expressed their misgivings about the provisions of Bill C-6 concerning banking. They criticized the 8 per cent bank assets ceiling imposed on foreign banking operations. Responsible as I was for this matter, I assured them that the Government of Canada would probably follow the advice of the House of Commons' Finance Committee and raise that ceiling.

As you know, honourable senators, several weeks ago the Minister of Finance introduced a bill raising from 8 to 16 per cent the ceiling imposed on foreign banking operations.

The discussions on acid rain have revealed an increasing concern on the part of Europeans for this issue, especially on the part of West Germany parliamentarians who are alarmed by the damage caused to their forests. On the other hand, several British delegates noted that the cleaning up of industrial emissions was increasing production costs and lowering competitiveness on the world markets. While we were exchanging views on energy matters, a few European delegates expressed interest concerning the future availability of Canadian coal. During the discussions on export credits granted to buyers to enhance their competitiveness, both sides recognized that, in the long term, the result would be a distortion of competition. The recent OECD consensus in this regard was considered a step forward; it was obvious that many countries would still offer highly beneficial rates to export.

With respect to the Middle East, the discussions embraced the situation in Lebanon and the recent weaknesses in American policy, the war between Iran and Iraq, the possibility of a blockade in the Strait of Hormuz and the source of weapon supplies for the Middle East. During the exchange on the Stockholm Conference on Disarmament and Weapons Control, the Europeans asked questions about the Trudeau initiative; a good description of this initiative was provided by the Canadian delegates in attendance.

Finally, a European member of Parliament from Greenland explained that, despite the fact that Greenland has voted to withdraw from the European Community by the end of the year, he expected that relations with Canada would grow closer with an increase in contacts with the Inuit people, and there were then discussions on the problems of fishing, the environment and northern transportation.

Following those meetings, the Canadian delegation was able to see some of the damage caused by acid rain in the Vosges forests. The delegates also visited a farm equipment plant. All other details, which are far more complete than the brief summary I have just given, may be found in the report which you allowed me to table.

The Hon. the Speaker *pro tempore:* Honourable senators, since no other senator wants to addresss the issue, I consider the debate closed.

The Senate adjourned until tomorrow at 8 p.m.

APPENDIX "A"

(*See p. 657*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE
FIFTH REPORT

REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1985

Monday, June 4, 1984

The Committee on National Finance has the honour to present its

FIFTH REPORT

The Standing Senate Committee on National Finance to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1985, were referred, does in obedience to the Order of Reference of May 22, 1984, report as follows:

The Committee heard evidence from the following witnesses from the Treasury Board: Mr. J. L. Manion, Secretary; Mr. Jean Jacques Noreau, Deputy Secretary, Program Branch; Mr. Michael Francino, Assistant Secretary, Program Branch.

In this first supplementary, six departments and agencies requested supplementary funds of $296 million bringing the total estimates to date for 1984-85 to $96.8 billion dollars. All items proposed in the supplementary estimates require parliamentary approval; there are no statutory items nor are there any one dollar votes in these supplementary estimates.

Approximately one-half of these supplementary estimates ($151 million) are for employment related initiatives in three departments and agencies. In the past the government has sought additional funds for job creation through the various supplementary estimates; it is unlikely that these figures represent the total spending on job creation.

These estimates provide for an additional 787 person-years, of which 775 are associated with direct job creation projects in two of the three departments receiving employment related funds. Treasury Board officials explained that the person year requirement for direct job creation fluctuates significantly throughout the year as temporary staff are hired during the summer months for the peak work period and then released. These figures are slightly less than the number required in 1983-84.

Respectfully submitted

C. WILLIAM DOODY
Chairman

APPENDIX "B"

(*See p. 662*)

CANADA-EUROPE PARLIAMENTARY ASSOCIATION

REPORT
OF THE
TWELFTH ANNUAL MEETING OF THE DELEGATIONS
FROM THE CANADIAN AND EUROPEAN PARLIAMENTS

STRASBOURG, MARCH 26 - 30 1984

At the twelfth annual meeting of delegations from the Canadian and European Parliaments held in Strasbourg, France from March 26 to 30, 1984, the parliamentarians discussed not only bilateral questions, but also issues of mutual concern to Canada and the European Community (EC) and several international issues. A copy of the agenda covered is appended to this report (See Annex A).

The Strasbourg meeting took place during a plenary session of the European Parliament (EP). Prior to the beginning of the discussions between the two delegations, the Canadian delegation was formally recognized in the visitors' gallery at the Palais de l'Europe by the EP President, Piet Dankert. Subsequently Canadian members had meetings with chairmen or representatives of the six political groups sitting in the EP. Each of these groups is itself made up of a mix of political parties from the ten EC member states. The Canadian delegation was also able to have a brief exchange of views with EP President Dankert and to be present at the parliamentary session to hear reports by the Presidents of the Commission, Mr. Gustav Thorn and the French Foreign Minister Mr. Claude Cheysson who is the current President of the EC Council of Ministers.

Participants

Delegation from the Canadian Parliament

Aideen Nicholson. M.P., Chairman of the Canada-Europe Parliamentary Association and leader of the delegation
Honourable Martha Bielish, Senator
Honourable William Kelly, Senator
Honourable Fernand Leblanc, Senator
Honourable Jean Le Moyne, Senator
Mrs. Ursula Appolloni, M.P.
Mr. Alexandre Cyr, M.P.
Honourable Ray Hnatyshyn, P.C., M.P.
Mr. Hal Herbert, M.P.
Mr. Charles Mayer, M.P.
Mr. Fred McCain, M.P.
Honourable James McGrath, P.C., M.P.
Father Bob Ogle, M.P.

Delegation from the European Parliament

Sir James Scott-Hopkins, Chairman (UK)
Mr. Wilhelm Helms (Germany)
Mr. Allan Rogers (UK)
Mr. D. Antoniozzi (Italy)
Mr. L. Baillot (France)
Mr. R. Delorozoy (France)
Mme P. Duport (France)
Mr. P. Lalor (Ireland)
Mr. F. Lynge (Greenland)
Mr. R. Moreland (UK)
Mme A. Phlix (Belgium)
Mr. J. Provan (UK)
Mr. D. Rogalla (Germany)

Highlight of the discussion with political group leaders

See Annex 'B' for a list of the representatives of the six EP political groups participating in meetings with the Canadian delegation prior to the bilateral discussions.

Since the Euro-MPs were facing their second direct election in June, the Canadians found it of interest to discuss with the group leaders the developing role of the EP within the Community; the unifying role of the Community within Western Europe; the issues likely to be debated during the election campaign; the likely turnout at the polls in the various member states; and the differing electoral systems. There was a discussion of the increasing levels of political co-operation among the ten EC states with a Euro-MP pointing out that the single EC viewpoint was expressed for the first time on security matters in Stockholm by one ministerial spokesman. The problems associated with enlargement of the Community to include Spain and Portugal were touched on briefly. Finally, mindful of the budgetary crisis which was gripping the EC leaders and ministers at the time, the Canadian delegation took the opportunity to ask about the problems associated with the Common Agricultural Policy including the possibility of future cutbacks in the present subsidy system which was the main cause of the budgetary deficits and the serious overproduction. On this point while several EP leaders agreed that CAP subsidies will have to be decreased to control overproduction, another Group chairman maintained that the CAP system was an important factor for EC social equilibrium.

During the encounter with President Piet Dankert, the Canadian delegation pressed for the possibility of small subcommittees being able to meet and study particularly thorny bilateral issues if and when they arose. The President agreed it would be useful to have parliamentary experts such as Committee rapporteurs consult on specific irritants but he had not yet found a system of linking this to the fixed delegation membership which the EP sets up for each institutionalized parliamentary relationship during each Parliament.

Summary of bilateral discussions

Fisheries

Opening the discussion on fisheries, a European delegate noted that last year's problems with the Canada-EC Long Term Fisheries Agreement (LTA) seemed to have been resolved and Canadian fish products have now been given increased access to EC and particularly UK markets. He did not foresee any major problems. But a Canadian member from Newfoundland disagreed, pointing to several areas of potential problems. He explained there had been an extensive restructuring of the Canadian deep sea fishing industry with resulting unemployment. The fishermen had had no price increases for three years and equipment and trawlers were old. As a result, new pressure was being focussed on the allocations of fish to foreign vessels. This pressure in turn would depend on market performance even though factors such as the exchange rate and the current call by anti-sealers for a boycott on Canadian fish products could affect the market as well. Furthermore, the Canadian fishing industry was watching apprehensively the EC enlargement negotiations with Spain and Portugal, fearful of what the entry of these states would mean to Community fish stocks and what new pressures would be felt on North Atlantic fish allocations. For all these reasons, the LTA arrangements could still face problems. The foreign allocations would undoubtedly be an election issue in Canada.

Joining the delegations for the fisheries discussion, the Chairman of the EP Fisheries Committee noted the Community's current satisfaction with the LTA. But he told the Canadians it was important that permits be granted early enough before the ice comes down. Also UK fish processors were interested in having Canadian minced fish blocks come in at the former lower duty rate. The Chairman admitted that Spain's entry would cause some dislocation in EC's internal fisheries allocation as Spain had no historic rights in their waters. The Community was hoping that waters off Brazil or off Africa might accommodate the 1 million metric tonne (m.t.) Spanish catch capacity. But in any case he assured the Canadians that the EC would not encourage Spain to expand into Canadian, Greenland or EC fishing waters.

The Canadian spokesman replied that the Flemish Cap fisheries, an area off Newfoundland beyond the Canadian 200-mile jurisdiction, was being destroyed by Spanish 'pair-fishing', a situation which was compounded by the fact that 50 per cent of this Spanish catch was flounder which was then dumped. There was overfishing of other groundfish species as well. The same problem affected the area known as the "Nose and Tail" of the Bank and unless there was some control or improvement, Canada might be forced to take unilateral action to extend its fisheries jurisdiction out to the "Nose and Tail", this spokesman said.

The seal question was raised briefly in connection with the effect of seals on fish stocks. Spokesmen on both sides agreed that a management plan for seals was required but the timing at present was not appropriate. The EP spokesman said that in the end consumers would be enraged if the fish stocks were allowed to be depleted by seal population explosion.

Salmon

The first European spokesman then turned to another aspect of bilateral fisheries which he considered required urgent attention, namely the drastically low level of Atlantic salmon being caught. In Scotland, the Faroes and Greenland, the reported catch last year had declined alarmingly, with Greenland taking only about one-third of its allocated tonnage. There was anxiety that the salmon stocks could be seriously in danger.

The Newfoundland delegate reported the same low salmon catch in Canada and a similar concern. Commercial salmon fishing in Newfoundland had had to be cut back and sports fishing restricted. Greenland's allocation had always been a worry to Canada as almost half their salmon spawned in Canadian rivers, he stated.

A Greenland delegate acknowledged that Greenland too was concerned by the drop in the salmon catch although in the past five years Greenland had noted considerable large fluctuations in catches. In 1978, for example, there had been a poor catch whereas in 1979 the 1,190 metric tonne allocation had been considerably exceeded, to about 1,390 m.t. Was the cause biological, a bad survival rate for smolts one year or was there a change in salmon migration routes due to extremely cold winters, he asked. In any case, Greenland's government was ready to listen to whatever the ICES (International Council for the Exploration of the Seas) group recommended. Despite the departure of Greenland from the EC at the end of 1983, this member assured the Canadians that Greenland would continue to be a part of ICES and NAFO (Northwest Atlantic Fisheries Organization). He admitted that Greenland had problems with fishermen taking more than their quota but stressed that there was no poaching in Greenland whereas in Canada and the UK the catch figures did not take the poaching into account. Greenland would like to see Canada institute a regulatory regime at the mouth of the rivers and at sea. But he reiterated that Greenland was ready for serious talks and was prepared to carry some of the burden for corrective action.

A Canadian, also from an East Coast area, pointed out that under the Law of the Sea arrangement, the country where salmon spawn bears a responsibility for management. Accordingly, in 1972 Canada had banned salmon fishing from the Gulf of St. Lawrence at a cost of $15 million paid to commercial fishermen in compensation for not fishing, although some monitored sports fishing was permitted. But stocks continued to decline and Greenland fishermen and the seals were blamed. This year commercial fishing will be restricted or in some cases banned entirely from certain northern New Brunswick areas and south Newfoundland. Another Canadian participant wondered if the drop in the salmon catch could be a cyclical problem although this suggestion was disputed by the Canadian spokesman.

Common Agricultural Policy (CAP)

Beginning with criticisms of the CAP's effect on wheat production, a Canadian spokesman subsequently raised specific complaints concerning increased levies on imports of cereal substitutes, a new EC tax on fats and oils and revised requirements respecting meat hygiene. Canada was concerned at the rapid expansion of the Community exports of wheat from 5 to 16 million tonnes in five years, he said. Canadian exports had only grown from 16 million to 19 million tonnes in the same period. The explanation was the high EC support prices and heavy subsidization of exports. Moreover, Canada was fearful of being caught in the current EC-US agricultural war which would result in low world grain prices. While last year's US payment-in-kind (PIK) program and a poor growing season had resulted in good prices, this year there was no PIK program and no optimism about prices. This speaker reminded the Europeans that 50 cents out of every dollar of Canadian farmers comes from export, that three-quarters of Canadian wheat is exported and that the Community takes 12 percent of Canada's agricultural exports.

Canadian exports of cereal substitutes have been affected by the EC levies on cereal substitutes, continued the Canadian spokesman. As for the tax on oils and fats, this would seriously affect Canadian oil seed exports, 25 per cent of which go to the Community. In reality, that tax was designed as an indirect method of reducing the EC dairy surplus by raising prices of competitive products. Canada was also objecting to the new meat hygiene standards which would affect the French horsemeat market for Canadian exports. Canadian meat inspection was good and he wondered if the new EC standards were an NTB. If a real problem existed, Canada needed time to readjust its plants, he said.

The European spokesman responded it now seemed likely that the oils and fat tax would be unacceptable to certain EC member states because, while the tax had been originally instituted only for imported products, this had been found to be contrary to GATT rules. Now the Commission had broadened the application to all oils within the Community except butter and this was affecting the Mediterranean member states. As for the cereal substitute levies, the problem was more difficult since observers were saying that surplus of the EC grain was equal to imports. Certainly some EC producers such as pig farmers were facing far too high cereal prices mainly because the founding fathers had originally pitched EC prices too high. The Community would eventually have to align its prices with world prices he predicted. Over 40 per cent of the budget is now involved in subsidies to put EC products on world markets.

A German delegate disputed the Canadian charges of excessive subsidization resulting in the huge increase in EC grain exports. Rather, European production increases were due to new technology and the use of fertilizers. Moreover Canada, through the Crownest Pass transportation rates, was heavily subsidizing its own wheat exports. In reply, the Canadian delegate said Canadian subsidies were neither as high as those in the United States or in the EC. Canada could not afford this level. Moreover for market reasons, 25 millions of acres in Western Canada had been taken out of production. Canada was doing its share.

Newsprint

A European participant explained that from January 1, 1984, under the terms of the EC-EFTA free trade agreement of 1973, EFTA producers, notably Sweden, would have unlimited duty-free access for newsprint exports into the EC. Accordingly, the EC was reducing its GATT bound import limit of 1.5 million tonnes annually from MFN producers and was proposing a quota of 500,000 tonnes for Canada for 1984. Canada had not accepted this level and was putting its case before GATT. This spokesman noted that recent Canadian imports had been about 670,000 tonnes a year, some of which had entered under 'autonomous' duty-free quotas which the Community had opened year by year as it considered necessary. The possibility of such an additional 'autonomous' quota was expected to continue. On the other hand, he noted that the publishers within the EC wanted open free competition with no reduced quotas on imports as they feared higher prices.

A Canadian member responded by setting the dispute in a wider context, that is the importance to Canada of its export trade, which represents 30 per cent of GNP, and the parallel importance of the forestry industry to the whole economy. Clearly the EC quota stood as a significant barrier to Canadian newsprint exports as did the watermark requirement. What was worrying to Canada was that if the GATT were to rule against Canada, and he himself was concerned that Canada might not have a strong case, the pressures in Canada for retaliatory protectionism would rise in other sectors with a resulting danger of serious trade deterioration. Another Canadian pointed out that the EC has been an historic market for Canadian newsprint exports. The present level of its exports was unusually low due to the exchange rate.

A UK participant remarked he had been lobbied by the UK publishers who wanted to see the traditional Canadian level of imports maintained and there were other sources of unease in the Community over this issue.

Canada-Euratom Agreement on Uranium Supply

An EP delegate, a member of the Parliament's Energy Committee, raised a number of Community concerns regarding the current bilateral negotiation on uranium exports. How long, he asked, would the bilateral contractual arrangement run—for a fixed period or with a possibility of termination on six months' notice? To what extent could Canadian uranium be sold to other countries by the EC which has had offers to sell it? In respect to technical reactor research, would there be a possibility of Canada and the EC carrying out joint research? The Chairman of the EP Energy Committee, who joined the discussions briefly, added that Canadian conditions and restrictions on its uranium sales were the most stringent of all countries and this caused the EC difficulties when it wanted to sell its nuclear items to other countries.

A Canadian spokesman stated that the EC was a reliable partner and for its part Canada could give an assured uranium supply. But the Canadian public wanted the government to retain stringent safeguards. He noted the substantial investment by European interests in Saskatchewan uranium mining companies. As for reactor research, Canada was interested in selling its CANDU technology and would undoubtedly be looking at joint research projects. This delegate also raised the question of Spain's entry into the Community and the fact that it had not signed the Non-Proliferation Treaty (NPT). He urged the Community to make Spain's ratification of the NPT a condition of entry. The Canadian government would undoubtedly be questioned closely on this point.

The EP Energy Committee Chairman remarked that while she did not know whether this issue was being discussed with the Spaniards she assumed that Spain would be required to sign the NPT before entry.

An EP inquiry as to the strength of the Canadian anti-nuclear movement brought the reply that currently the Canadian nuclear industry was 'on hold', reflecting the fact that many Canadians were unhappy about increased nuclear energy electricity. A Canadian Senator mentioned the recent International Energy Agency's (IEA) study which challenged the assumption that the light water system was the best. His remarks were supported by an UK member who recalled that the UK Energy Committee had recommended the heavy water CANDU system but the government had gone for the light water system. Despite Ontario Hydro's recent problems with the CANDU, the Ontario government intended to press ahead with nuclear development, said the Senator.

The EP Energy Committee Chairman commented that France and Belgium were the Community's main producers and users of nuclear-generated electricity. A 75 per cent majority in the European Parliament had voted for nuclear development and the EC planned for 30 per cent of its energy to be nuclear-generated by 1990. Opposition focussed on reprocessing as well as the sitting and methods of radioactive waste disposal. This participant emphasized that reprocessing could reduce the amount of such waste to 3 per cent or eventually to 1½ per cent of normal reactor waste. As for disposal, there was a project which still required testing involving depositing of non-processed waste in an old mine in Sweden where it could be remined and reused. A Canadian Senator said there were also nuclear waste disposal proposals in Canada. In Ontario a Chamber of Commerce group had even identified potential areas for such disposal on a commercial basis.

The European Chairman suggested that the subjects of reprocessing and nuclear waste disposal should be on the agenda for the next annual meeting.

Provincial Liquor Controls

A lively exchange on the subject of provincial controls on spirits and wine sales began with a UK delegate's criticism of what he termed the provinces' Soviet-type, monopolistic liquor outlets whose practices resulted in difficulties for European wine or spirit companies trying to sell new products in the Canadian market. Listings were done haphazardly and were difficult to obtain. The worst problem was with Ontario where 45 per cent of all EC sales were made. While the Community had made an arrangement with the federal government, Ontario had imposed discriminatory mark-ups and handling charges which in total amounted to mark-up of 123 per cent for imported wines but only 58 per cent for domestic wines. In addition, Ontario gave discounts to local restaurants which purchased Canadian wines. Last year, under pressure from United States, Ontario reduced the handling charges but then widened the mark-up again with a minimum reference price which discriminated against low-priced EC imports. Most EC member countries were affected but particularly Italy. Even cider was difficult to have listed with the excuse of lack of volume sales given. These practices were contrary to the Statement of Intent agreed to by the provinces at the GATT Tokyo Round. The Community, reacting to pressure from Euro-MPs, was probably going to file a complaint against Canada in the GATT, said this spokesman.

In response, a Canadian Senator explained that the idea behind the monopoly liquor outlets of the provinces originated in the Puritan ethic whereby governments could not be seen to make drinking easy. He asserted there were clear criteria for listings which were not distorted by political considerations. Despite the fact that after removing the handling charges Ontario had reinstated higher mark-ups, it should be noted that Canada was still the EC's second largest market for these products despite its relatively small population. While the Ontario reference price might have been thought to have a detrimental effect on Italian and French lower-priced wines, in fact the opposite was the case and sales of these wines had increased. As for European cider, there was no market in Canada for it and not adequate space for supplies. This delegate questioned whether the Statement of Intent agreed to in 1979 was, in fact, a GATT document. Furthermore, GATT Article 17 relating to state trading agencies did not appear to imply a requirement for national treatment.

New Canadian Import Policy

Concern was expressed by the European side, which had put this item on the agenda, that new Canadian legislation dealing with countervail policies and anti-dumping procedures reflected a move to increased Canadian protectionism.

The Canadian Chairman explained that there was at this time no new Canadian policy, but a Bill (C-8) was now before the House on the subject. It was designed to bring Canadian procedures on anti-dumping and countervail producers in line with GATT in certain respects. The Bill had not as yet been referred to Committee but when it was, the Committee would undoubtedly hear witnesses and amend the Bill. Responding to an EP inquiry as to whether the earlier report of the Mackasey Committee had a link to the Bill, the Canadian spokesman replied that the report had been one input but there would be others including the viewpoints of exporters and importers. She

added that it would be useful to have the European suggestions prior to amending the Bill, a copy of which she handed to the European side. Another Canadian delegate commented that an underlying thrust of the projected legislations was to simplify the investigation process and speed up various procedures.

Canadian Banking Legislation

The focus of EP concern on the Canadian banking legislation was the Bank Act limitation on foreign banks' operation to 8 per cent of Canada's banking assets. Canadian banks were not subject to such limitations when operating abroad, a European delegate stated. Could European banks have any basis for their hope that this ceiling which was detrimental to growth would be lifted, she asked.

A Canadian Senator explained that in 1980 an amendment to the Bank Act had permitted for the first time foreign banks to operate in Canada, already a step forward. Last year, the House of Commons Committee on Finance, Trade and Economic Affairs had studied the question of foreign banks in Canada and had issued a report recommending, among other things, that the 8 per cent limitation be lifted. He himself was optimistic that the government would respond either by raising the ceiling or removing it completely. However, he cautioned that this might not take place before the next election.*

Environmental Issues

A member of the EP environment committee who joined the delegations for this discussion outlined the EP's grave concerns over the effects of atmospheric pollution within the Community. The damage was already extensive, she said, ranging from high lead levels in children in the UK to extensive forest damage which was especially severe in Germany and major architectural damage to ancient Athenian monuments. The European Parliament had passed a detailed resolution on acid rain in January, calling on the Commission to take action in a number of areas including measures for lead-free petrol and programs to reduce industrial pollution emissions of sulphur oxide and nitrogen oxide. The Council of Ministers was negotiating with the member states on lead-free petrol and the only remaining problems were with France and Italy.

A Canadian member responded by explaining that Canadians too were extremely concerned by the problems being caused by acid rain. He reviewed the steps taken in Canada. Recognition of the problem in 1978 had led to the establishment of a joint Canada-US research group and by 1980 the two countries had signed a Memorandum of Intent to work toward an agreement to reduce air pollution and to enforce existing standards. But although Canada agreed in 1982 to reduce its emissions by 50 per cent by 1990 if the United States did the same, the US Government did not respond positively. A Parliamentary Committee to study the acid rain problem was set up. It held extensive meetings across Canada and abroad and published a report which became a 'best seller'. One of the Committee's recommendations was to urge an extensive publicity campaign to try to pressure the United States into action. Excellent US publicity in fact did result when a Canadian film on acid rain was inexplicably banned in the United States and environmentalists protested nationwide. Again in 1984 President Reagan rebuffed Canada's urgings for a bilateral air pollution treaty and only reiterated the need for more research. Canadian federal and provincial environment ministers agreed this year to reduce emissions on their own by 50 per cent by 1994. Finally in March 1984 the Canadian Environment Minister convoked his ministerial counterparts from 10 European countries, members of "the 30 per cent club"—that is, countries which had agreed to reduce sulphur emissions by 30 per cent—to a conference in Ottawa to reaffirm their commitment and to press to implement the ECE Convention on the subject. The United States, which had not committed itself to such a reduction, was not invited to attend as a participant but only as an observer.

Responding to a comment by the EP Chairman that recommendations to reduce emissions must recognize the costs involved and that diminished industrial competitiveness would result, the EP Environment Committee member said the cost of atmospheric pollution must also be measured along with the jobs lost in the forest industry and health costs due to respiratory diseases. She argued that the cost of the state of preventative action would be less in the end and asked rhetorically whether the Japanese, who had installed 235 desulphurization plants, could be called uncompetitive. She estimated that if the Federal German Republic were to move to desulphurization it would cost about the same as one nuclear plant.

Another EP delegate said that while he favoured moving to lead-free petrol, to reduce coal usage and to increasing nuclear power plants, he questioned whether it was known precisely what was causing the Black Forest damage. The EP Environment Committee member asserted that atmospheric pollution was certainly the cause but whether it was due to sulphur oxide or nitrogen oxide was as yet unclear.

A Canadian delegate stressed the danger of devastating damage to forests not only in North America and Europe but in South America and Mexico. If forest pollution were not curbed, within 25 years the whole planet would be endangered. Another Canadian suggested that in order to help industry bear what is really a social expense, a national tax could help. The EP delegation Chairman suggested that the subject of air pollution be on next year's agenda.

Energy

A discussion on energy was introduced by an EP delegate who regretted the fact that the Community had no Common Energy Policy. Present EC policy, he said, emphasized conservation. In the EC, gas and oil consumption was down while nuclear power was the only sector showing any growth. He inquired about Canada's energy situation, whether Canadian

* Two weeks after the Canada-EP parliamentary encounter, the Canadian Minister of Finance introduced a bill in the House of Commons to raise the ceiling on foreign banks from 8 per cent to 16 per cent.

coal exports would push into European markets, and how soon Canadian LNG gas would be marketable. Another EP delegate added that EC coal pits were no longer competitive and EC coal imports would have to increase. Already South African and Australian coal was coming into the UK cheaper than domestic coal.

A Canadian spokesman said energy development in Canada had been slowed by decreased demand and lower oil prices as well as the negative reaction of some parts of the industry to the government's National Energy Program. Alberta with an abundant oversupply of natural gas was particularly affected. Provincial governments such as Saskatchewan have tried to encourage development by granting a 5 year royalty holiday. The Supreme Court's determination, granting off-shore rights to the federal government, had resolved the jurisdictional dispute although the debate with Newfoundland still had to be settled. As for Canadian coal sales to Europe, Canadian suppliers were ready for business and would welcome European interest. West Coast producers were already involved in joint ventures with the Japanese. For LNG, the market looked dim and the Arctic Pilot Project (APP) was on a "back burner". A Canadian Senator added that the APP would undoubtedly go ahead, that there was a commitment in Canada to develop heavy oils and that he found the EC interest in Canadian coal encouraging. In response to a EP delegate's criticism that Canadian oil pricing policy gave Canadian industry unfair trade advantages, the senator disagreed and added that the Canadian price was very near the world price in any case. Another Canadian delegate noted that Canada had unlimited potential for hydro-electricity generation although there was some shortage of financing. New agreements had been concluded to increase electricity exports to US markets.

While the Canadian spokesman said coal liquefaction was not a priority item in Canada, a European delegate urged co-operation in research in this area. On future EC coal developments, the EP member disagreed with the views of the UK participant, maintaining that while there would be fewer coal pits they would be producing more coal, more efficiently. He himself did not foresee a major shift to increase coal imports by the EC and predicted instead that energy exporting countries would face future problems as industrialized countries emphasized their indigenous supplies and the need for increased self-sufficiency.

Consensus or Competition in Export Credits?

The problems created by competitive export support measures have steadily worsened in recent years, said an EP delegate. Such export subsidies could take the form of export financing programs, foreign currency financing, mixed credits, project financing and export credit insurance. In respect to foreign currency financing, the fluctuating exchange and interest rates for various currencies have proved disadvantageous for some companies and their governments have tried to compensate. As for project financing, long-term loans granted by private banks and underwritten by governments have increased markedly in the past five years especially for large scale projects. Further, up to 95 per cent of exporters' risks are being covered by national insurance entities. All of these practices have helped capture export business but they have distorted competition, a detrimental result in the long run.

The OECD has attempted since 1976 to slow down this race, continued the EP delegate who was rapporteur for a recent study on export credit subsidies by the EP Committee on External Economic Relations. OECD 'consensus' guidelines were established in 1976 but were widely departed from particularly from 1978 to 1981, a time of serious exchange rate and interest rate fluctuations. In 1983 a much improved 'consensus' was reached. Particularly useful was the newly agreed minimum interest rates which can be automatically readjusted on the basis of fluctuations in a basket of SDR currencies. However, hardly was the ink dry on this agreement, said the EP spokesman, when the United States called again for further reduction in subsidies.

A Canadian spokesman said that since the bulk of Canadian exports go to the United States, the risk factor for most Canadian exporters is minimal and export credit insurance was not widely used by Canadians. Export credit and supports are involved in only about 5 per cent of Canadian export sales but as long as other competing countries use such supports, Canada must also help its exporters to remain competitive. Most frequently used methods by exporters have been offers of delayed payment terms and very long term financing, but more recently some exporting countries are tieing their export sales to their willingness to supply other goods including armaments. Moreover, the introduction of mixed credits, that is, development aid combined with export loans, have made it more difficult for Canada to compete. This spokesman said it was in the Community's own interest to take the lead in stemming these practices as EC member states were competing against themselves. He noted that the Canadian Prime Minister had warned the World Bank that if it did not try to ensure a fairer bidding system on Bank projects, Canada would review its contributions. The developing countries tended to play each exporter against his competitors. However, this delegate admitted that Canada too had been capable of hard competitive bargaining involving concessional financing to get a recent major US contract against European competitors.

The European spokesman replied that Western European exporters had been disadvantaged in export markets in recent years by the strong US dollar but nevertheless the Community was actively trying to improve the problem. Moreover the EP Committee's report on the subject had stressed the need for consensus interest rates and a unified position by member states and had recommended that the Commission draw up an inventory of export aid systems and require prior Community consultation before any new national measure could be introduced. Further it had recommended the establishment of a European Export Bank in order to use the ecu as the only currency for EC export credits, allowing for easier monitoring.

In reply to a Canadian inquiry, the EP delegate explained that agricultural products had been excluded from coverage by the OECD consensus as it had not been possible to reach agreement in this sector or in the aviation or nuclear sectors.

Middle East

In introducing the subject of the Middle East, the EP Chairman spoke first of the reversal of US policy in Lebanon where President Reagan had put an unwarranted trust in the multilateral force and of his misplaced support for the US-backed Israel-Lebanese peace agreement which Lebanon had now abrogated. In the face of the Gemayel government's weakness, Moslems had gained control of the area north of the Israeli line. It was evident from the Lausanne conference that the Christian Maronites could not agree to sharing power. Meanwhile the Syrians are in control of two-thirds of the Bekaa Valley and one wonders what the Russian involvement is. As for the Iran-Iraq war which he described as a 'powder keg', the spokesman wondered what the source of the poison gas being used was. The goal of Khomeini was to extend the fundamentalist Moslem faith. But what initiative could the West take to forestall him since the United States was discredited through its Lebanese errors and, in any case, was in a pre-election period? In response to a Canadian comment, he agreed that the EC had made progress toward a co-ordinated EC foreign policy formulation and perhaps Europe through NATO should take some initiative. The Community itself is precluded from so doing by the Treaty of Rome. Europe's oil imports were at stake in any closure of the Straits of Hormuz.

A Canadian spokesman said that a central policy of the Canadian government in respect to the Middle East situation was that the Palestinians must be given a homeland. In Lebanon it had been evident that US negotiators had made a serious miscalculation in not including the Syrians in the Lebanese-Israel arrangements. Canada had said it would be prepared to participate in an eventual peacekeeping force in the area under certain conditions. She noted that there had been a shift in Canadian public opinion respecting Israel after the Sabra and Chatilla massacre and also that Canadians were dismayed by the support given by US presidential candidates to a proposal to move the US Embassy to Jerusalem from Tel Aviv because it blackened the US image throughout the Arab world. As for the Iran-Iraq war, Canada was appalled at the use of gas and the involvement of young children. Nor has Canada agreed to reopen its Embassy in Teheran since the Iranians continued to insist that Canada apologize for assisting the American hostages.

Another Canadian member added that the arms supplies to Iran and Iraq appeared to be coming from Europe. The European spokesman agreed that the French government had sold Super-Etendard fighters to the Iraq government but that otherwise the countries were being supplied by the international arms dealers. A French delegate said French arms deliveries to Iraq were an arrangement of arms for oil which had been inherited by the present government. Relations between Iran and France are strained, he said. He noted the fact the US arms were going to Israel and thence to Iran. In Lebanon where there was civil war, France had proposed a UN peacekeeping force but had been opposed.

A Euro-MP joining the group for this discussion thought that the USSR was motivated by a fear of a Moslem fundamentalist revolution among its own 50 million Moslems and it might assist Iraq if Iran appeared to gain the upper hand. This could lead to a war of greater dimensions particularly if the Hormuz Straits were closed. In reply to a Canadian inquiry about how seriously Europeans viewed the danger of a blocking of the Straits, the EP Chairman replied that it was taken very seriously because Khomeini was neither a rational nor logical leader and might take action even if it meant injury to Iran.

There was a brief exchange on the difficulties of controlling international shipments of armaments with a Canadian member explaining that Canada did not permit arms exports. European delegates said that politically the banning of exports of arms was impossible in the UK and France. The armament industries were saying the could not exist without the international trade and even President Mitterand found himself faced with the fact that the recipient countries would buy elsewhere and would refuse to participate in French technological ventures if they were cut off from arms purchases.

The Stockholm Conference and the Trudeau Initiative

An EP delegate reviewed the situation in East-West disarmament talks in the past few years. In her opinion the most important objectives of the Stockholm conference were to find some mutually agreed confidence-building measures to reduce the risk of war; to increase, through more transparency, the effectiveness of disarmament verification procedures; and to find some mutually agreed arrangement on conventional forces. She inquired about the Trudeau initiative.

A Canadian participant explained that Mr. Trudeau's initiative grew from a growing awareness that international tension had grown in the past year despite the 1983 Williamsburg Summit leaders' commitments to reduce tension. A Canadian task force was formed and Mr. Trudeau had given a series of speeches and undertaken international consultations which were in no way meant to supplant ongoing negotiations between the superpowers. Rather, his plan was to see if tensions could be lessened by a 'walk in the woods' technique rather than by megaphone diplomacy. He visited numerous world capitals both in Eastern and Western Europe, in China and in the United States, talking to leaders trying to get them to cool the harsh rhetoric, to persuade them that there were at least 10 principles of common interest between East and West which needed restating including such basic assumptions as nuclear wars cannot be won and nuclear wars must never be fought. The Prime Minister's initiative had gained considerable support abroad and widespread support within Canada where its objectives were being endorsed on a non-partisan basis. A new institute was being proposed in Canada to further, through research, international peace and security.

Another Canadian participant confirmed that all three Canadian political parties supported the Prime Minister's initiative. This delegate drew attention to the lack of any meaningful communication between the NATO and Warsaw Pact groups. He noted the widespread perception of insecurity particularly among youth and the dangerous self-congratulatory reaction of some Americans after their "war" with Grenada.

A German Euro-MP who joined the delegation for the discussion observed that while disarmament initiatives are welcomed, they have not so far been successful. He maintained that the West must be armed and prepared or the other side would attack. Eventually the other side would recognize this firmness. He was critical of publicity issued by peace groups which had the effect of frightening the youth. The EP Chairman concluded the discussion by saying that Europe with NATO should perhaps try to plan a new initiative for disarmament for 1985.

Greenland

Although Greenland was not an agenda subject for discussion, a Greenland Euro-MP wished to point out that Greenland would leave the Community at the end of 1984 and to reassure Canadians of its future policy directions. In 1982 Greenlanders had voted by 52 to 46 per cent to withdraw from the EC. In final documents signed in March 1984 Greenland gains an overseas-country-and-territory status (OTC), allowing tariff free entry to the EC for its exports. In respect to fisheries which had been the source of Greenland's discontent in the Community, a 10 year EC-Greenland framework agreement had been concluded with 5 year protocols on quotas. This delegate made it clear that Greenland would not be separating from Denmark with which it had been linked since 1721. Denmark would still be responsible for its external affairs, monetary affairs and defence. But the Greenland government wanted jurisdiction within the 200-mile limit, jurisdiction to fix its own total allowable catch and to formulate its own regulations and inspection rules.

As for Canada-Greenland relations, these should flourish, he predicted, with increased cultural contacts between the Inuit populations as well as contacts within the Inuit Circumpolar Conference which itself could produce trade links. There would be stronger consultations within NATO. He noted the conclusion of the Canada-Greenland Environmental Agreement on the Davis Strait and suggested bilateral conservation programs for cod stocks in the Strait in the face of serious overfishing. There would also be bilateral contacts concerning salmon conservation. Finally, this participant proposed a link between the Greenland Assembly and the Canadian Parliament.

In reply, a Canadian delegate welcomed the idea of closer Greenland-Canada relations noting that these could take place in respect to fisheries, the Inuit, northern development and northern transportation. He himself had urged for some time the establishment of a Canadian Consulate in Greenland. He proposed a joint commission which would monitor border water problems along the Davis Strait.

ANNEX A

AGENDA

I) Bilateral Issues

1. The situation in the fishing industry following the recent agreement between Canada and the EC; salmon in the North Atlantic.
2. The CAP; specific trade irritants: cereal substitutes, oils and fats and meat hygiene.
3. Canadian newsprint exports to the EC.
4. Renewal of the Canadian-Euratom agreement on uranium supplies.
5. Provincial Liquor Board practices regarding importation of spirituous beverages.
6. New Canadian import policy.
7. New Canadian banking legislation.

II) Issues of Mutual Interest for Canada and the EC

1. Environment: forest conservation; acid rain.
2. Energy: update on Canadian situation, progress on the development of new energy source.
3. Consensus or competition on export credit?

III) International Issues

1. The Stockholm Conference.
2. The Middle East.
3. Greenland.

ANNEX B

List of political groups and representatives with whom the Canadian delegation held discussions.

1. Liberal and Democratic Group

Mr. Niels Haagerup (Denmark) — 1st Vice-Chairman of the Political Affairs Committee.

Mr. Martin Bangemann (Germany) — Chairman of the Group.

2. Christian Democratic Group

Mr. Siegbert Alber (Germany) — Vice-Chairman of the Group.

Mr. Willem Vergeer (Netherlands) — Vice-Chairman of the Group.

3. European Progressive Democrat Group

Mr. Christian de la Malène (France) — Chairman of the Group.

4. European Democratic Group

Sir Henry Plumb (UK) — Chairman of the Group.

5. Socialist Group

Mr. Ernest Glinne (Belgium) — Chairman of the Group.

6. Communist and Allies Group

Mrs. Maria Fabrizia Badual Glorioso (Italy).

THE SENATE

Tuesday, June 5, 1984

The Senate met at 8 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

[*Translation*]

APPROPRIATION BILL NO. 2, 1984-85

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message has been received from the House of Commons with Bill C-45, an Act for granting Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985.

Bill read the first time.

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

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading today.

Motion agreed to.

[*English*]

CANADA-UNITED STATES TAX CONVENTION BILL, 1984

REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 5, 1984

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SIXTH REPORT

Your Committee, to which was referred Bill S-14, intituled: "An Act to implement a convention between Canada and the United States with respect to taxes on income and on capital", has, in obedience to the Order of Reference of Wednesday, May 30, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW
Chairman

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

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—REPORT OF COMMITTEE

Hon. C. William Doody, Chairman of the Standing Senate Committee on National Finance, presented the following report:

June 5, 1984

The Standing Senate Committee on National Finance presents its

SIXTH REPORT

The Standing Senate Committee on National Finance to which was referred Bill C-12, "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977", has, in obedience to its Order of Reference of Tuesday, May 29, 1984, examined the said Bill and reports the same without amendment.

Respectfully submitted,

C. WILLIAM DOODY
Chairman

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

Hon. Henry D. Hicks moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

YORK UNIVERSITY

ESTABLISHMENT OF MURRAY ANTHONY ELIA CHAIR—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on Tuesday next, June 12, 1984, I shall call the attention of the Senate to the establishment of the Murray Anthony Elia Chair in Canadian Italian Studies at York University.

QUESTION PERIOD

[*English*]

PARLIAMENT BUILDINGS

RECONSTRUCTION OF SPEAKERS' ENTRANCES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. Today at noon the weather was so nice that I decided to walk around the Centre Block. I noticed all of the work being done on the Speaker's entrance of the House of Commons, on the Speaker's entrance of the Senate, around the monument in front and everywhere. I was wondering whether the Leader of the Government can assure us that there will be enough work to be done until the election takes place.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure whether I can answer that question positively, but I am sure that the Honourable Leader of the Opposition will agree with me that we should keep the houses in good order, no matter who occupies them.

Senator Flynn: Even if we have to waste money.

Senator Olson: I did not agree that there was any waste of money.

Senator Flynn: No, I know that you would not.

Senator Olson: Of course not.

CANADIAN SPORTS POOL CORPORATION

APPOINTMENTS

Hon. Martial Asselin: Does the Leader of the Government have an answer to the question I asked about the appointments to the Canadian Sports Pool Corporation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, if Senator Asselin reads yesterday's *Hansard*, he will see that an answer was given—perhaps not an adequate answer but a complete one—to the question he raised.

Hon. Royce Frith (Deputy Leader of the Government): Adequate, perhaps, to us but not to him.

Senator Olson: Well, yes, adequate to us.

YUKON QUARTZ MINING ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Guay, P. C., seconded by the Honourable Senator Watt, for the second reading of the Bill C-44, intituled: "An Act to amend the Yukon Quartz Mining Act".—(*Honourable Senator Macdonald*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators—

Hon. D. G. Steuart: I have an old speech over here that you can have.

Senator Flynn: I would like to reply to Senator Steuart but it would be irrelevant, of course, because he wants to revive memories of his two speeches of last night. I think we might as well forget both of them. If they had been speeches prepared by him I would not say that. The point is that they were rather impersonal and that is why I made that remark. I think Senator Steuart is one of the most interesting speakers in this house—

Hon. Senators: Hear, hear.

Senator Flynn: —when he delivers a genuine speech of his own, but that is not very often the case. I must say, however, that I well remember some of his speeches, especially when he was defending the veto power of the Senate and, later on, when he voted for the constitutional resolution taking away that power of veto in constitutional matters.

Hon. Martial Asselin: Yes, we do remember those.

Senator Flynn: Anyway, as I said before, any comment on Senator Steuart's intervention would be irrelevant and I apologize to the Senate for having done that.

[*Translation*]

Now, honourable senators, to get on with Senator Guay's excellent speech on the bill concerning—

Hon. Senators: Hear, hear.

Senator Flynn: I listened to it with great attention, I read it again today and, frankly, I have absolutely nothing to add. I think it is an essential bill which will not solve the problem but, as the saying goes, "Half a loaf is better than no loaf at all".

For that reason, while acknowledging the merit of Senator Guay for having so convincingly urged the Senate to adopt this bill, I can only tell him that we agree.

Hon. Joseph-Philippe Guay: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I have to inform the Senate that, if Senator Guay speaks now, his speech will have the effect of closing the debate on the motion for second reading of the bill.

[*English*]

Senator Guay: Honourable senators, I would like to say that there is no doubt but that the Leader of the Opposition understands this bill. His comprehension of it is far beyond my expectation. I can see that he appreciates something which will benefit all Canadians.

To that end, I say to him that I appreciate his comments. On behalf of Senator Lucier, on whose behalf I presented this bill yesterday, and the citizens of Yukon, I wish to thank him once again.

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?

Senator Guay: Honourable senators, it has been suggested that this bill should be given third reading at the next sitting of the house. Therefore, I move a motion to that effect.

Senator Flynn: Honourable senators, Senator Guay should never listen to the advice of Senator Leblanc.

Hon. Fernand-E. Leblanc: Honourable senators, I protest. I simply told Senator Guay to stand up when the Honourable the Speaker *pro tempore* put the question.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it may be an appropriate time to remind the house with respect to what we have come to call the "Flynn formula". That is to say, even though we are all in agreement with a certain bill there is normally a day between second and third readings. If we are not rushed for Royal Assent, then there is no reason to give the bill third reading the same day as it is given second reading.

Senator Flynn: We never know if a minister will make a statement or something of that nature.

On motion of Senator Guay, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

SKAGIT RIVER VALLEY TREATY IMPLEMENTATION BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Steuart, seconded by the Honourable Senator Giguère, for the second reading of the Bill C-41, intituled: "An Act to implement a treaty between Canada and the United States relating to the Skagit River and Ross Lake, and the Seven Mile Reservoir on the Pend d'Oreille River".—(*Honourable Senator Flynn, P.C.*).

Hon. Martial Asselin: Honourable senators, I did not attend the sitting of the Senate yesterday for professional reasons and I was told this afternoon that I had to answer Senator Steuart's brilliant intervention. I referred to the bill and told myself that for once there was nothing very controversial in Senator Steuart's comments. They usually give rise to objections—

Hon. Jacques Flynn (Leader of the Opposition): This is provocative.

Senator Asselin: Sometimes, it is. When I read the title of the bill, I asked myself how I would get through this.

It is a piece of legislation to implement a treaty concluded between Canada and the United States about the Skagit River—I do not even know how to pronounce the name of the river—as well as Ross Lake, the Seven Mile Reservoir on the Pend d'Oreille River.

I learned those new names only when I read the title of the bill introduced by Senator Steuart.

As Senator Flynn has said on many occasions, the opposition is broadminded when the bills are not controversial. When reasonable bills are introduced, the opposition is always ready to agree with the government that the bill is sensible. Bill C-41 introduced by Senator Steuart yesterday evening cannot be challenged and should be passed.

However, Senator Steuart explained to us the difficulties, as stated in the other place, that our fellow citizens in British Columbia experienced before they found the solution contained in that bill.

We have been told that this dispute between part of the United States, British Columbia and Canada has been going on since 1942. It was as a result of the representations made by British Columbia politicians and groups of citizens that the project was saved and that it will finally go forward after about forty years.

I believe that this bill shows that we can succeed when the federal and provincial governments decide to agree to undertake major projects in which their common interest is at stake.

This bill includes an agreement between the Province of British Columbia and the City of Seattle in the United States; it also includes an agreement between the United States and Canada and one between Canada and British Columbia. It has been agreed that British Columbia will be allowed to export electric power to Seattle in the United States for a period of eighty years. This will provide a substantial income for British Columbia and contribute to the development of our natural resources in Canada.

If the federal government would show the same willingness towards Newfoundland and towards the other Canadian provinces when they want to sign agreements with Ottawa on such matters, it could be possible to do so where oil and offshore resources are concerned, for instance. If the federal government would show some goodwill, the problem with Newfoundland could have been solved a long time ago.

Newfoundland should refer the Minister of Energy, Mines and Resources to the example contained in Bill C-41 as concerns the agreements signed by Canada and British Columbia to develop the hydro-electric resources of the province.

I do not think that there is any need to refer this bill to a committee. We should congratulate the government and citizens of British Columbia as well as the federal government and the American administration for having finally reached an agreement which is attractive both for Canada and British Columbia. On this side, we are willing to give second reading to this bill whenever the government is ready to propose it.

[*English*]

Hon. D. G. Steuart: Honourable senators—

• (2010)

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that if Senator Steuart speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Steuart: Honourable senators, I am certainly pleased that Senator Asselin, speaking for the opposition, has agreed that this bill is worthwhile supporting.

Like many others, I remember when the outburst came in British Columbia during the middle 1940s and into the '50s and '60s. I could not understand then and still cannot understand why the International Joint Commission ever allowed an order to the City of Seattle to raise the dam and, thus, threaten that very lovely valley out there.

I think this is an eminently sensible solution. Certainly, as you say, it is a good example of the federal government, the provincial government, the Government of the United States and the City of Seattle working together. I am pleased that it will receive support from both sides of the chamber.

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?

Senator Steuart: I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

ASIA-PACIFIC FOUNDATION OF CANADA BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Steuart, seconded by the Honourable Senator Sinclair, for the second reading of the Bill C-42, intituled: "An Act to establish the Asia-Pacific Foundation of Canada".—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, I yield to Senator Macquarrie.

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

Hon. Senators: Agreed.

Hon. Heath Macquarrie: Honourable senators, Senator Macdonald is a man of great wisdom and understanding, but he may have placed all of that in jeopardy this evening by indicating that I should take his place on this matter.

I am pleased and honoured to be asked by my party—and it is not often my party asks me to speak on its behalf—to speak on Bill C-42. I have listened to Senator Steuart, a man whom I admire. He is a feisty, brittle man for whom I have great regard, but I think my leader, Senator Flynn, is much wiser than even his best friends note. He was very clever in asking a man from the region of the Atlantic Ocean to speak on a matter which deals specifically with the region of the Pacific Ocean. I am honoured to accept his designation.

I think it would be bad—and I am sure Senator Steuart will agree with me on this—to regard this piece of legislation as a regional measure, to say that it is a matter of concern only to the west coast and not of concern to those parts of Canada which may be less nobly endowed economically. In other words, the portion of Canada east of British Columbia.

Even at their worst—and I think Senator Steuart will agree with this—thoughtful Canadians know that we are not a one-ocean country, otherwise why would we have adopted the motto: *A mari usque ad mare?* We know damn well what sea they mean, the Pacific. The great energizing activity of our country was to move to the great Pacific Ocean. There was a quotation made by Laurier more than once that I am sure was inscribed on the old Parliament Buildings before they burned down in 1916. I have asked various researchers to verify that quotation, but no one has yet given me an answer. That quotation was as follows:

> The wholesome seas are at her gates,
>
> Her gates both East and West.

I am from the Atlantic, and I thank our leader for choosing me to state this, that if we are thoughtful and decent Canadians, we think of the eastern door and the western door, and neither one is inferior to the other. This is why I am very happy to be participating, very briefly, in this debate.

● (2020)

I am not saying that the Pacific interest should be our greatest priority. However, I believe that in the last 20 years—and when you are my age, 20 years is a very short time—the Canadian parliamentarians who have thought of the west were, in my judgment, the leaders in this field. When I was in the House of Commons, where I laboured and struggled and did not get all that far, I remember people like Arthur Laing and that wonderful man, David Groose, who were always eloquent and stalwart advocates in presenting their priority, which was for western Canada. However, before I knew these men, I was taught by other Canadians, one of whom was the Honourable Howard Green, a magnificent Canadian who had a great feel for, and a consanguinous relationship with, the province of British Columbia. He always taught us that Captain Quadra was at least as important as Jacques Cartier. There were others, such as the great George Pearkes, V.C., whose death we noted with great sympathy just a few days ago, and E. Davie Fulton.

I remember being a Conservative from the east coast, where they did not block out the Tories totally as they did in other parts of the country, and when we came up to national meetings we found that there were three great people there: George Pearkes, Howard Green and E. Davie Fulton. Howard Green never let us forget for a moment that the Pacific was the place where Canada should make its outlook, and as I read the bill today, honourable senators, in this year, 1984, I cannot help but notice—and I am not partisan at all, as all my people know—that there is nothing in that bill or in the preamble thereto that the Honourable Howard Green had not told us many times, and told the House of Commons, that this country of ours stretched *a mari usque ad mare*—from sea to sea—and that we should not for a moment think that the Atlantic Ocean was the only thing that mattered. Howard Green told us time and time again that we were a great Pacific country. He elaborated upon that and he suggested and he organized, and as an Atlantic Canadian, I was so proud of him

and learned so much from him and am glad that, at this stage of the game, we have at last learned this lesson.

On matters of this kind I see that in the other house they say, "We must pass it quickly." My good friend, Senator Steuart, has also said that we should pass it quickly in this house. That is fine. We always have to pass things quickly in the Senate. We have heard that for a hundred years and, although I have not been around that long, I have read the record. However, I have a passing remonstrance, as they would say in the days of Charles II; a passing remonstrance that, if it was all that important, why was it not put forward three months ago? I am all for it. I think it is a great thing, but it had to be passed quickly. Could it not have been put forward earlier? I do not know if anyone in my beloved party is against this measure, but I am supportive of all its provisions.

My first introduction to this important aspect of Canada and the Pacific Rim came in two stages. The Senate committee conducted very careful and serious studies on this matter. I am surprised that no one in the other place or this place has mentioned what the Senate committee suggested. A careful reading or even a casual reading of what the Senate committee suggested in reference to Canada and the Pacific Rim would be very revealing. I am not even sure, considering what Mr. Pepin said in the other place, that he had read those things.

Hon. Jacques Flynn (Leader of the Opposition): I am sure he didn't.

Senator Macquarrie: My leader says he is sure he didn't, and I am not arguing with my leader. I have known my leader for many years, and I argue with a lot of people, including my wife once in a while, but usually my leader is right. The Senate committee studied this very carefully and I cannot understand why the Senate did not take cognizance of this. I wonder why the Leader of the Government did not think of that and why my brilliant friend, the deputy leader, did not think of that, because the Senate was away ahead of this, and perhaps it would have been feasible and decent to say to Mr. Pepin, for whom I have the greatest regard, that the Senate had come through this seven years previously and then come up with suggestions. I am not one who dwells on the past. I suppose that at my age the past is too long and the future is too short. All I am saying is that we are going to do our best on this. I was not present in the chamber last evening, but I would like to have heard Senator Steuart, who is a man whom I appreciate very much. He is receptive and sharp—

Hon. Martial Asselin: Not always.

Senator Macquarrie: —and he is more independent than a lot of Grits are, but I suppose that happens when you live in Saskatchewan. What else can you be? I am not going to waste the time of this honourable house by saying that it is an old, old story when they, in the other place, say get this bill passed quickly.

A year ago I quoted Arthur Meighen, who was the greatest man who ever adorned this house, but now I am going to quote a Grit who was a brilliant senator and magnificent man. In 1869 Senator John Sewall Sanborn said:

> This is a very utilitarian age, and while appointed we need to make sure of our ground and maintain that standing and respect before the country which our position demands, and which as the second House of Parliament we ought to take . . . and not let legislation pass merely as a matter of course. If it passes with our approval, it ought to pass with our intelligent approval.

Honourable senators, we really are not capable of giving our intelligent approval in a matter of half an hour even with a brilliant speech by Senator Macquarrie. I protest against this pressure-cooker attitude whereby the people in the other place will throw upon us all these measures. Honourable senators, this is, however, one of the least objectionable measures that has gone through that has been put under forced draft.

● (2030)

I don't know, and Arthur Meighen didn't know, how we will ever stop having legislation dumped upon us by the House of Commons in the last three or four days of a session. However, having in mind the heritage of Howard Green, Robert Wenman and other distinguished people from British Columbia, I am prepared to support this measure. We should look to the Pacific and make our relationships meaningful there.

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: For the record, honourable senators, would my friend from Prince Edward Island identify the senator from whose 1869 speech he quoted?

Senator Steuart: Is it Senator Flynn?

Hon. Jacques Flynn (Leader of the Opposition): Yes.

Hon. D. G. Steuart: Honourable senators—

The Hon. the Speaker *pro tempore:* I have to inform the Senate that if the Honourable Senator Steuart speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Steuart: Honourable senators, Bill C-42 creating the Asia-Pacific Foundation is on the verge of passing the Senate. I agree with Senator Macquarrie that this bill, creating this foundation, is not just something that concerns western Canada or, indeed, British Columbia. If this foundation lives up to its expectations, and we have every reason to believe it will, it will be good for all of Canada.

I also think that Senator Macquarrie, very properly, referred to many great Canadians from the west coast, such as George Pearkes, Howard Green and Arthur Laing. However, he could have mentioned our own senator, Senator Perrault, and many other senators including the members of the Senate committee who, for many years, have done their best to bring the potential and the importance of the Pacific Rim not only to the attention of the Senate but to the attention of other places as well. Thank God that somebody finally listened to those people, those pioneers, and we are now doing something about it.

Again I am pleased that this bill will obviously receive the support of both sides of the Senate and, while I know that all of us agree with Senator Macquarrie that we do not like to be shoved around and pushed, when you look at the dates contained in this bill, you will see that there is some reason for passing it with reasonable dispatch. I hope it will receive full support.

Hon. Senators: Hear, hear.

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?

Senator Steuart: I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—SECOND READING

Hon. C. William Doody moved the second reading of Bill C-241, to amend the Senate and House of Commons Act.

He said: Honourable senators, in moving second reading of this private member's bill, I should like to give you a little background. The honourable member for Western Arctic, who introduced this bill in the other place, asked me to sponsor it in this chamber in the absence of Senators Lucier and Adams, both of whom have more than a passing interest in it. Both these honourable colleagues of ours are in Calgary on Senate business on the Energy Committee. Therefore, I take pleasure in bringing it to your attention here in this chamber.

The bill is a very simple one. Those of us who have ever had any previous experience in government of any shape or size are always very nervous about simple bills that are supposed to be housekeeping measures. It was first thought that this bill might go through the Senate as it did the House of Commons with first and second readings, the committee stage, and third reading in just one sitting. Obviously, the bill had the full support of all parties. Perhaps, as we go through the various stages in this chamber, honourable senators will decide how they wish to proceed in dealing with this legislation.

The problem in the Arctic and in the Yukon arises as a result of the federal ownership of most of the land which, in effect, is crown land. Under the Senate and House of Commons Act, members of Parliament are not allowed to buy these crown lands. The member for Western Arctic had a particularly difficult experience in that he had been a claim-staking mineral explorer who had claim-staked a number of lots in the Arctic before he entered public life. His time period for claiming these lands has now expired. Under subsection 20(1) of the Senate and House of Commons Act, he is not allowed to take possession of them . Therefore, this private member's bill was introduced.

It was said that the amendment which is being sought affected only the three members of the House of Commons and the two senators from the Northwest Territories. It occurs to me, however, that that principle might be extended to a lot of crown lands in many parts of this country. I am thinking of Labrador and parts of the Island of Newfoundland where there are huge tracts of crown land, some of which have been passed out for summer cottage lots. I do not think the question of whether they were being purchased by a member of Parliament or by a member of any other public body, commission or crown agency ever arose.

Over some time, this has been brought to the attention of the House of Commons, and consequently this bill was introduced a day or so ago. It received the support of all three parties.

The amendment is very simple. The subsection to which I refer now reads:

> 20.(1) In every contract, agreement or commission to be made, entered into or accepted by any person with the Government of Canada or any of the departments or officers of the Government of Canada, there shall be inserted an express condition that no member of the House of Commons shall be admitted to any share or part of such contract, agreement or commission, or to any benefit to arise therefrom.

It is proposed that the subsection should read as follows:

> 20.(1) In every contract, agreement or commission to be made, entered into or accepted by any person with the Government of Canada or any of the departments or officers of the Government of Canada, for which any public money of Canada is to be paid, there shall be inserted an express condition that no member of the House of Commons shall be admitted to any share or part of such contract, agreement or commission, or to any benefit to arise therefrom.

As I say, honourable senators, the intent of the bill is obvious. There is no pecuniary advantage to these members of Parliament in obtaining crown land leased for a summer cottage or for any other purpose.

I would commend the bill to you for second reading.

Hon. Hartland de M. Molson: Honourable senators, I should like to ask a question of the sponsor of this bill. I note that this matter is confined to members of the House of Commons. I do not see why it should not include members of Parliament, in other words, senators as well as members of the House of Commons. Could he explain that to us?

Senator Doody: Honourable senators, Senator Molson was kind enough to mention his concern to me before I stood up, and that is why I included in my preamble that none of these housekeeping and very simple pieces of legislation is without peril. It is absolutely true that the amendment states:

> —there shall be inserted an express condition that no member of the House of Commons shall be admitted to any share—

It does not say anything about the Senate. I can only assume that the people who drafted the legislation felt that there were no such venal or vulgar people in the Senate who would take

advantage of an opportunity to profit from doing business with the Crown.

● (2040)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the section that is being amended does not refer to the Senate either.

Senator Doody: I see; there is another section in there, then, that does. I can only suggest to Senator Molson that, if this bill does go to committee, then that aspect could be examined. Quite obviously, however, the wording herein does not mention the Senate. If there is another section in this act that does, then obviously the situation is taken care of. In that case, however, that section should also be changed.

Senator Frith: Honourable senators, it is my understanding that this bill deals with the original proposition; in other words, the amendment would cover that which was contained in the original act which does not refer to senators either. The amendment applies to members of the House of Commons only because the section in the original act applies to the members of the House of Commons.

Senator Molson: Will this matter then be left in such a way that senators could benefit from these contracts?

Senator Frith: The section in the original act did not apply to senators.

Hon. Jacques Flynn (Leader of the Opposition): How do you know?

Senator Molson: I think we ought to know. It seems to me that there is no particular reason to pick on the members of the House of Commons without including the senators. I would be glad to move an amendment to this bill, if that is necessary.

Senator Frith: Honourable senators, the proposed amendment deals with section 20 of the act, and it reads:

> 20.(1) In every contract, agreement or commission to be made, entered into or accepted by any person with the Government of Canada or any of the departments or officers of the Government of Canada . . . there shall be inserted an express condition that no member of the House of Commons shall be admitted to any share or part of such contract, agreement or commission, or to any benefit to arise therefrom.

It can be seen that in the original legislation there was no such limitation placed on senators. Therefore, when the amendment came along to make the legislation less restrictive, it only applied to members of the House of Commons.

Senator Doody: I suppose the answer is that the original drafter of the bill knew that senators could never get involved in such a situation.

Senator Frith: Perhaps.

Senator Doody: The original concept of the Senate was one of a group of gentlemen who would not consent to this sort of thing, in any event.

[Senator Doody.]

Senator Molson: Honourable senators, if this bill goes to committee and the matter is thus straightened out, I have no objection. Otherwise, I will move an amendment. Will the bill go to committee?

Senator Frith: I think not. Honourable senators, section 20 of the act says that no member of the House of Commons shall do X. The amendment says that, in spite of that, the members of the House of Commons can do Y. The restriction that now applies to members of the House of Commons does not, therefore, apply to senators. There is no reason to include senators as an exception to something that did not apply to them in the first place.

Hon. Richard A. Donahoe: If they were never in, you don't have to take them out.

Senator Frith: That's it; I should have had Senator Donahoe, the Attorney General, say it—if they were never in, you don't have to take them out.

Senator Flynn: I am not sure of that, honourable senators. I think that the amendment really changes the perspective in that there was a prohibition but now there is a restriction limited to those who provide payment. In all other contracts, a member of the House of Commons can be a party. Therefore, by stipulating that, there is laid down a principle— what is the maxim I am thinking of?

Hon. Henry D. Hicks: *Expressio unius est exclusio alterius.*

Senator Flynn: Exactly. I knew that I would have help from a great Latinist. Thank you, Senator Hicks.

Honourable senators, I think that by saying that, a member of the House of Commons can now be a party to a contract as long as he does not provide the payment of public funds. But a senator is prohibited from doing so. Only the members of the House of Commons are permitted to do that. Although the intention may have been excellent, the effect of the amendment may not be exactly what we think it is.

I think we must commend Senator Molson for having drawn our attention to this point. I would suggest that the Standing Senate Committee on Legal and Constitutional Affairs look into this matter some time tomorrow and ensure that we are not making a mistake by providing for something that is exclusively in favour of the House of Commons. Here the restriction was intended for them, but if we want now to permit them to do something, I do not see why we should maintain the exception for senators.

Senator Frith: Honourable senators, I have made my opinion clear. Senator Flynn and Senator Molson have their opinions. I just cannot understand why, if someone is not included in the bill, you must include him in a later amendment.

This is a private member's bill. In the other place the government has supported it. The government supports it here. If it is the wish of honourable senators to refer the bill to committee, that is fine. For the reasons explained in the other place, the government supports the bill. For the reasons I have explained tonight, it is my view that there is no need to have it

amended. If, however, honourable senators feel differently, let us send it to committee.

Senator Flynn: That is fine. The last argument I can accept is that the government supports it.

Hon. H. A. Olson (Leader of the Government): Do you mean the first and the last or the last?

Senator Flynn: The last argument.

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?

Senator Doody moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

THE ESTIMATES 1984-85

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)

The Senate proceeded to consideration of the Fifth Report of the Standing Senate Committee on National Finance on the supplementary estimates (A) laid before Parliament for the fiscal year ending 31st March, 1985.

Hon. C. William Doody: Honourable senators, supplementary estimates (A) constitute a relatively modest request of the government. The report of the committee was self-explanatory inasmuch as it really asks, in the main, for more funding for job creation programs. It has been suggested that there were some electioneering additions included as well, but, of course, only the cynics would suggest that.

There is little that can be said about these estimates. As I have said, they are relatively modest. I have no doubt that the government will be requesting more supply later on in the year, but, in the meantime, the less said about this particular small offering, the better.

The Hon. the Speaker *pro tempore:* As no other honourable senator wishes to participate, this order is considered debated.

• (2050)

APPROPRIATION BILL NO. 2, 1984-85

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-45, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985.

He said: Honourable senators, the bill before us today, Appropriation Bill No. 2, 1984-85, provides for the release of the balance of the main estimates for 1984-85 amounting to some $26.8 billion and the whole of supplementary estimates (A), 1984-85 amounting to approximately $296 million. The total spending authority requested by this bill is just over $27 billion.

Honourable senators will remember that our normal procedure with regard to appropriation bills, unlike other legislation which is often referred to committee for study, is to have the estimates referred to the Committee on National Finance for detailed study of the schedules and annexes.

The main estimates were tabled in the Senate on February 23, 1984, and were immediately referred to the Standing Senate Committee on National Finance, as is our practice. These estimates were discussed in committee with the President of the Treasury Board and his officials on May 24, 1984.

Honourable senators will remember that the main estimates were tabled yesterday by Senator Leblanc, the Deputy Chairman of the National Finance Committee.

Supplementary estimates (A) were tabled in the Senate on May 22, 1984, and, again, as is our practice, were immediately referred to the Standing Senate Committee on National Finance. Officials of the Treasury Board Secretariat discussed the estimates with the committee on May 29, 1984. Those estimates were reported yesterday and spoken to a moment ago by the chairman of the committee, Senator Doody.

Honourable senators, although the schedules tell us about the estimates which were referred and which form part of the bill, they do not contain some information as to supply to date. Therefore, I ask leave to place two tables on the record as part of my speech on second reading.

The first table is entitled "Estimates Tabled to Date for 1984-85". It shows the budgetary and non-budgetary items, divided into those to be voted and those which are statutory. With regard to the main estimates, the total of budgetary and non-budgetary items to be voted is $37,151,673,399. The statutory portion is $59,372,049,919. The two figures together total $96,523,723,318.

The second table is entitled "Supply to Date for 1984-85". This table sets out the amount of supply which has already been approved to date with respect to Appropriation Act No. 1, 1984-85, and is called interim supply. The total there is $10,358,774,745.49. The amount awaiting approval is the balance of the main estimates, which is $26,792,898,653.51 and the whole of supplementary estimates (A).

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

Hon. Senators: Agreed.

(*The tables follow:*)

ESTIMATES TABLED TO DATE FOR 1984-85

Main Estimates	To Be Voted	Statutory	Total
Budgetary	$36,830,057,399	$57,723,916,919	$94,553,974,318
Non-Budgetary	321,616,000	1,648,133,000	1,969,749,000
	$37,151,673,399	$59,372,049,919	$96,523,723,318

Supplementary Estimates (A)

Budgetary	$296,238,400	$.....	$296,238,400
Non-Budgetary	.....	.....	.....
	$296,238,400	$.....	$296,238,400

Total Estimates Tabled

Budgetary	$37,126,295,799	$57,723,916,919	$94,850,212,718
Non-Budgetary	321,616,000	1,648,133,000	1,969,749,000
	$37,447,911,799	$59,372,049,919	$96,819,961,718

SUPPLY TO DATE FOR 1984-85

One Appropriation Act has been approved in respect of Estimates for 1984-85:

Supply Approved to Date

Appropriation Act No. 1, 1984-85 which granted Interim Supply for *April, May and June* including 45 additional proportions, based on the *Main Estimates* for 1984-85.	$10,358,774,745.49

Awaiting Approval

Supply for:

—the balance of the *Main Estimates* for 1984-85	$26,792,898,653.51	
—the whole of *Supplementary Estimates (A)* for 1984-85	$ 296,238,400.00	$27,089,137,053.51
TOTAL		$37,447,911,799.00

Senator Frith: If honourable senators should require additional information with regard to the totals or the tables I would be pleased to try to provide it.

Honourable senators, I ask for support on second reading.

On motion of Senator Macdonald, debate adjourned.

ABORIGINAL PEOPLES OF CANADA

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator McGrand:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;

That the Committee be composed of eight Senators;

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

That the Committee have power to travel from place to place within Canada; and

That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Roblin, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order stands in the name of Senator Roblin. I asked Senator Flynn if he had had an opportunity to discuss this matter with Senator Roblin. I believe he said that the debate could continue on Wednesday. However, perhaps I am being premature in saying that.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I did not have a chance to speak to Senator Roblin. I would not dare to presume with respect to his decision on this matter.

Senator Frith: Honourable senators, neither would I.

Order stands.

PARLIAMENT

DESIGNATION OF SENATORS—QUESTION OF PRIVILEGE

Hon. Daniel A. Lang: Honourable senators, I rise on a question of privilege which follows from discussions which have gone on in this chamber prior to tonight.

Over the last 15 to 20 years, I have been watching the growing abuse of the word "Parliament". Communications from government officials and from cabinet ministers are addressed to "Members of Parliament and Senators". I know that I am harking back to constitutional principles about which I am afraid most parliamentarians today are ignorant. That is to say, Parliament is one body. It is composed of the Queen, the Senate and the House of Commons. The term "members of Parliament" applies to the whole grouping.

I have been wondering over these many years whether the differentiation between members of Parliament, meaning members of the House of Commons, and members of the Senate, is being deliberately promoted in an attempt to produce a division and a separation of the concept of one Parliament. I do not know about that, but I know that it has become a prevalent practice today.

The use of the term is wrong in terms of constitutional law, constitutional history and parliamentary usage. Therefore, I would like to take this opportunity to raise the matter before the Senate tonight. I am really not too concerned about the nomenclature. What I am concerned about is how ignorant members of Parliament—and that includes the members of both houses—are of our constitutional background, and how prepared we are to disregard it in terms of our usage of language.

● (2100)

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Flynn and other senators know that some

time ago—approximately four years ago—I recognized what Senator Lang has referred to this evening. I agree with him completely that section 17 of the B.N.A. Act—which, of course, was our Constitution—still forms part of our Constitution and describes exactly what Senator Lang has pointed out, namely, that Parliament is one body. If one is a member of Parliament, one can be a member of the House of Commons or of the Senate. There are three parts. Therefore it is the wrong nomenclature that is applied. If we are going to refer to members of the House of Commons, then it is correct to refer in the same thought to members of the Senate. If one is referring to members of Parliament, no further description is necessary, because members of both houses are members of Parliament.

Therefore I wish the honourable senator well in raising the matter as a question of privilege this evening. It will probably take time to correct the view that there is some difference as between members of Parliament and senators, or that members of the Senate are not also members of Parliament.

Hon. Martial Asselin: Did you ever raise the question in cabinet?

Senator Olson: I have done that a number of times, although the members of the cabinet, of which I am a member, were not confused; they already knew. As a matter of fact, I had business cards printed with "H. A. Olson, PC, MP" because it is perfectly legal and correct to do that.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, to add a dimension to the problem, in the first place, I agree with Senator Olson and Senator Lang that, on the basis for the point of priviledge, they are quite correct. I do not believe that anyone would argue that the Queen, the senators and members of the House of Commons constitute Parliament. However, I do believe there is an indication in this country—which is a bilingual country, certainly for the purpose of our Constitution—that the problem might very well be one of correcting the usage; because, of course, the same problem does not exist in French, because the members of the other place are not called membres du Parlement; they are called Députés. So the distinction is maintained in the sense that they are not called members of a whole but are members of a place. I would certainly encourage honourable senators to pursue the reversal of the usage and make it clear that members of the other place are members of the House of Commons, that we are senators, and that Parliament consists of all three, namely, the Queen, the Senate and the House of Commons.

Although I make that suggestion, it seems to me that we have to find in English a word that distinguishes more clearly a member of the other place. It seems to me that the most obvious term is "HC", member of the House of Commons.

I do not know where exactly we can take this, but I hope that Senator Lang will accept that many of us support his view and would like to find a solution to the problem, which, I believe, has grown up largely as a question of misuse of a particular term.

The Hon. the Speaker *pro tempore:* I wish to thank the Honourable Senator Lang for bringing the matter to the attention of the Senate.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 6, 1984

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

Prayers.

WORLD WAR II

D-DAY—FORTIETH ANNIVERSARY OF INVASION OF EUROPE BY ALLIED FORCES

Hon. Stanley Haidasz: Honourable senators, on the occasion of the fortieth anniversary of the Normandy offensive, known as D-Day, June 6, 1944, I should like to join with the representatives of this chamber who are accompanying the Prime Minister and the Minister of Veterans Affairs at the events in France in commemorating this historic event which led to the final victory of World War II, which was started by the invasion of Poland on September 1, 1939, by Hitler's forces of Nazi Germany.

For us in this chamber the pictures on the walls depicting the scenes of World War I are a constant reminder. World War I also took place on many a battlefield of France as did the battles of World War II and the Normandy offensive.

Today we pay solemn tribute to the thousands of allied soldiers, airmen and sailors who made the supreme sacrifice of giving their lives in defence of freedom and democracy. Today, particularly, we recall with pride and gratitude the sacrifice of the 15,000 Canadians who fought on the beaches of Normandy. By the end of June 6, 1944, more than 1,000 Canadians had been killed or were missing in action. This invasion ultimately cost the lives of 24,000 allied soldiers, including 5,400 Canadians. These Canadians, who are buried in Normandy, were young men who were denied the opportunity of returning home to share in our freedom and prosperity.

Taking part in this great offensive called D-Day were over 155,000 allied forces, among them 15,000 Canadians. In that force were members of the Polish air force, covering the invasion, and Commander Romuald Nalecz-Tyminski of the Polish navy, who also took some of those soldiers to the shores of Normandy.

These forces were soon followed by General Stanislaw Maczek with his First Polish Armoured Division fighting under the command of General Guy Simmonds of the Second Corps of the First Canadian Army. Many of these Polish veterans are today in Canada and will be commemorating their victorious major battle of Chambois, culminating in the decisive victory at Falaise.

We also recall, with gratitude and pride, the First Polish Parachute Brigade and its gallant battle at Arnheim, Holland. Today we also recall the heroic death of a young Polish Canadian from Winnipeg, Pilot Officer Andrew Mynarski, who displayed bravery of the highest order trying to save his tail gunner when their aircraft was downed over the French soil of Cambrai on June 12, 1944, for which he was posthumously awarded the Victoria Cross.

I recall these facts today for the record, and to remind honourable senators here today, and those who are not, of the military feats and contributions of Canadians of many ethnic origins. Many of these Canadians, choosing western democracy over communism, did not return to their native lands after the final victory over Hitler's forces because their native countries were occupied by another foreign and hostile power, following grave political and tactical mistakes of certain allied leaders. Today we have a fragile peace—we have a cold war but we do have peace. We have this peace thanks also to the foresight and sacrifice of the western democratic countries which banded together to form the North Atlantic Alliance.

The North Atlantic Treaty Organization was founded 35 years ago as a voluntary defensive alliance of 16 sovereign and democratic nations, including Canada. It has presided over the longest period of peace in modern Europe. Canada, with its NATO allies, must continue to support and strengthen this alliance so as to be ever strong, vigilant and prepared to deter an enemy attack. This will require political wisdom and sacrifice on our part.

Last month I had the privilege of attending the spring session of the North Atlantic Assembly in Luxembourg, where it was gratifying to hear the resolve to strengthen NATO and to strive for peace with freedom. Honourable senators, it is this peace with freedom that our soldiers, airmen and sailors fought and died for. Let us make the necessary sacrifice and wise decisions to preserve it for ourselves and for posterity. In doing this, our gallant dead will truly be honoured and remembered.

Hon. H. A. Olson (Leader of the Government): Honourable senators, if I may, I will take half a minute or so to recognize, on behalf of the government, the fortieth anniversary of the massive operations that took place on the beaches and soil of Normandy. It is well that we remember today what happened at that time. However, I think that this year, in particular, there is a growing rather than a diminishing appreciation on the part of Canadians of the participation of the Canadian forces in that massive operation. I think it is important for us to remember with greater rather than diminishing appreciation the enormous effort that was made by the people of a country like Canada.

Honourable senators, rather than adding a lot of words, perhaps it would be appropriate that we stand for a moment of silence out of respect for the enormous achievement that was made then.

Whereupon the senators rose and stood in silent tribute.

Hon. M. Lorne Bonnell: We shall remember them.

• (1410)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO REVIEW ISSUES OF WOMEN AND WORK

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Wednesday, June 20, 1984, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and consider the issues of women and work;

That the Committee have power to adjourn from place to place;

That the Committee be authorized to engage the services of such counsel and technical, clerical and other personnel as may be required for the said examination; and

That the Committee present its report no later than June 27, 1985.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

KAHO'OLAWE ISLAND—CANADIAN PARTICIPATION IN ARMAMENT TESTING

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government concerning a report about Canadian naval participation in the bombing of Kaho'olawe Island in the Hawaiian area. That island has for a long time been used for the testing of armaments. Both houses of the Hawaiian Legislature have asked that the testing be stopped, and Canada in particular, since Canada is one of the two remaining participants in the operation, is being approached by an environmental group.

Can the minister tell us what is the present reaction of the Canadian government? Can he also say whether Mr. Fairbanks, the spokesman of the group—who came to British Columbia because it is a Pacific Rim operation, and supposedly will be coming to Ottawa this week—has met with government officials, and whether there is a likelihood of a committee or informal group of the Senate being given the opportunity to hear the concerns of this man, who is very distressed, as are many people in that area concerning the environmental damage to the island, which is interesting and valuable in terms of archaeology and flora?

Hon. H. A. Olson (Leader of the Government): Honourable senators, in reply to the latter part of the question, I do not know whether or not the gentleman in question has met with any officials of the federal government or, in particular, the Department of National Defence.

With regard to the general question, I will make some inquiries and will obtain more specific information. I was aware of publicity being given to the views that have been expressed by Senator Macquarrie who, I believe, should bear in mind that the Canadian Forces who are participating in training exercises are there, if not at the invitation, then certainly with the concurrence of the Defense Department of the United States, with all of the implications which follow from that.

Possibly the Department of Defense in the United States, and others, have looked into these matters. I am not sure whether or not it is the case, but apparently they do not agree with the representations that have been made. Whether Canada should be involved in a determination of the validity of the claims is really a question that I would like to refer to the Department of External Affairs before attempting to give a definitive answer.

Senator Macquarrie: I appreciate the minister's reply and will await further information. It is interesting to note that Australia, New Zealand and Japan used to be involved but have decided to withdraw from the exercise.

Senator Olson: I am aware of that but it may not be for the reasons put forward in the early part of the question.

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

On the Orders of the Day:

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(a):

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Wednesday, June 13, 1984, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

YUKON QUARTZ MINING ACT

BILL TO AMEND—THIRD READING

Hon. Joseph-Philippe Guay moved the third reading of Bill C-44, to amend the Yukon Quartz Mining Act.

Motion agreed to and bill read third time and passed.

SKAGIT RIVER VALLEY TREATY IMPLEMENTATION BILL

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Senator Steuart, moved third reading of Bill C-41, to imple-

ment a treaty between Canada and the United States relating to the Skagit River and Ross Lake, and the Seven Mile Reservoir on the Pend d'Oreille River.

Motion agreed to and bill read third time and passed.

ASIA-PACIFIC FOUNDATION OF CANADA BILL

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Senator Steuart, moved third reading of Bill C-42, to establish the Asia-Pacific Foundation of Canada.

Motion agreed to and bill read third time and passed.

• (1420)

CANADA-UNITED STATES TAX CONVENTION BILL, 1984

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Senator Steuart, moved third reading of Bill S-14, to implement a convention between Canada and the United States with respect to taxes on income and on capital.

Motion agreed to and bill read third time and passed.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—THIRD READING

Hon. Henry D. Hicks moved the third reading of Bill C-12, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977.

He said: Honourable senators, I do not think it is necessary for me to make any extended remarks at this stage other than to—

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I do not have any objection to Senator Hicks making some remarks at this stage. I understand that according to our rules, it would not automatically bring the debate to an end.

[*English*]

Senator Hicks: Mr. Speaker, I am not closing the debate, I am simply moving third reading and speaking to the motion I just made.

Hon. Jacques Flynn (Leader of the Opposition): That is right, that is what we are saying.

Hon. Martial Asselin: If you want to do it, then go ahead.

Senator Flynn: No one is contesting that.

Senator Hicks: I am sorry, honourable senators, I did not hear what Senator Tremblay said because my ear-piece had become disconnected from the sound system. My honourable friends know that they have every right to debate this motion for as long as they like; and I am quite prepared to have them do so.

Honourable senators, all I wished to do was to thank those who participated in the debate. I am sorry that I missed some of the contributions to the debate, particularly those by Senators Tremblay and Murray who followed Senator Kelly. I have read their speeches in *Hansard*. I thought they presented their points of view very well indeed. As they know from some of the sentiments I personally have expressed, I have every sympathy with some of the positions they have taken, although after careful consideration I came to a conclusion that was different from theirs with respect to the disposition of this bill.

I think that is all that I need say at this time. I hope that honourable senators will support the third reading and passage of this legislation.

[*Translation*]

Senator Tremblay: Honourable senators, there are two things here which I find regrettable.

First of all, I regret that Senator Hicks found it necessary to reach a conclusion before the debate on third reading. We on this side may be excused for having nurtured some idle hopes that comments expressing our point of view might influence the conclusion Senator Hicks might draw from this debate. However, although he has already made his conclusion, we shall nevertheless do our duty.

I shall add a second regret, more or less in the same vein as the first one, namely that the Committee on National Finance did not find it necessary to invite the minister or ministers responsible for developing and implementing Bill C-12. I feel that if we had been able to hear what these ministers had to say, we would have been able to clarify certain points on which there has been some confusion.

I am thinking, for instance, of what was said about the interpretation of at least one part of Bill C-12, the part that deals with fiscal arrangements. We all know that in the first few months of 1977—that is, towards the end of the fiscal year, since the new year started in April 1977—there was a major change in the procedures for federal contributions to established programs financing for health, with two specific programs, and post-secondary education.

This major change involved making a very clear distinction between a tax transfer and maintaining direct subsidies—considering that in previous years, starting in 1967, it had been agreed that the federal government would contribute 50 per cent of operating expenditures for post-secondary education.

There may be some aspects that need clarification but that is not the main thing. When it was found that in 1975-76, expenditures for the two sectors combined represented "x" dollars, it was then decided that part of these expenditures would be financed through tax transfers. If I remember correctly, and I do not guarantee the accuracy of my figures, the tax transfer was based on a precedent, namely that Quebec had already disposed of 4.354 personal and corporate income tax points and had already taken advantage of the opting-out clause for health and post-secondary education programs.

On the basis of this precedent, the provinces were given more flexibility for collecting their own revenue for the purposes mentioned. It started as a transfer of 13.5 personal income tax points and one corporate tax point. These tax points were subject to equalization. Well, I feel that this part of the 1977 operation cannot be seen otherwise than as a part of the tax transfer system, tax transfers in terms of tax points and equalization payments.

In fact, here was a principle being applied before it got the name and was laid down in the Constitution Act of 1982, and this was done because there was justification for doing so on the basis of previous experience.

Perhaps it would be worthwhile to read the relevant passage of the Constitution Act, 1982, to understand the intent of this transfer operation that took place in 1977 with respect to the programs I just mentioned.

Section 36(1) notes the general objectives of equalization and reducing regional disparities, and subsection 36(2) says exactly what is involved.

> Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services . . .

Including health and post-secondary education, of course—

> . . . at reasonably comparable levels of taxation.

In the case of an equalized tax transfer, the intent is to ensure that the provinces have the revenue they need to provide services at levels of taxation that are reasonably comparable between provinces. That is what equalization means. Equalization payments are meant to correct the regional disparities that are not corrected by a straightforward tax transfer. Cash payments were added to that transfer, which amounted to about 50 per cent of expenditures incurred in those two fields in 1975, 1976 and 1977, because it had been systematically provided that equalization would not cover total expenditures, but 50 per cent.

● (1430)

I remember very well the discussions at that time, and because I was there I can say that the federal ministers involved were quite clear. The federal government said "We want to keep a margin". At the same time, the provinces, of course, thought that the tax transfer should amount to the full 50 per cent. The federal government said no to a unilateral tax transfer.

The federal government was then bragging about its open-mindedness and saying that the provinces would end up with a much wider margin of operation with respect to their taxing autonomy and to equalization. Ottawa was intent on having a margin of operation which eventually led to direct grants.

I strongly suggest that this bill should indeed only deal with direct grants, but I have the impression that the 6 and 5 per cent ceiling on the growth of federal contributions for 1983-84 and 1984-85 will apply to all equalization payments, including tax transfers and direct grants.

That is one of the major issues I would have raised in committee and which I am raising this afternoon with Senator Hicks or whoever might enlighten me in that respect. Am I reading the bill correctly, and will the 6 and 5 per cent ceiling on the growth rate apply to tax transfers as well as to direct grants?

If I read the bill correctly, we are facing an extremely significant precedent the likes of which we have never seen in the entire history of the federation. Although tax transfers, or more precisely the tax sharing agreement is part and parcel of the overall equalization formula, growth will be limited through a unilaterally imposed percentage factor. On the contrary, it is the growth of the overall yield of the tax base which is the rule.

My question therefore is very precise: Will the 6 and 5 per cent ceiling apply to the entire federal contribution, namely the transfer of the 13 tax points with equalization and the tax point concerning individual taxpayers and direct grants, or only to direct grants?

If the answer to that question is yes, I think we are taking a very serious step whose future impact we ought to be fully aware of. Why be satisfied with tax transfers when it could be applied to the whole sharing formula between the two government levels?

This is a good time to raise one point. Throughout our discussions, some people gave the impression that we were talking about federal funds. That may be so with respect to direct grants, but we cannot say that federal funds are involved in tax transfers. Otherwise, we would have to speak in terms of federal funds every time the federal government agrees not to levy 100 per cent of personal income taxes or 100 per cent of corporate taxes.

Everyone knows that this debate has been going on since the early days of Confederation and that the problem was finally solved with what are usually called the fiscal arrangements. There was even a time when the federal government was not involved in these taxation fields. In fact, during the last war the legislation which allowed the federal government to collect just about all personal income tax was known as the Tax Rental Act. At that time, the federal government recognized in the very name it gave its legislation that it was renting a taxation field from the provinces.

Obviously, it is inappropriate to speak about federal funds when referring to the sharing of tax revenue, even though we have been doing it since 1977. This is my major point about this matter.

I now come to another aspect which was discussed extensively in the committee yesterday in relation to the submission made by the Chairman of the Canadian Council of Education Ministers, namely the national objectives mentioned in section 9.

Mr. Donahoe provided us with some information we did not have before. We had a few indications of this through some of the statements made by the Secretary of State, for instance when he said, as reported in *Le Devoir*, that the federal

government, when they inserted this section—specifically the concept of national objectives—intended to negotiate the matter with the provinces. If the negotiations did not succeed, they would legislate to define national objectives for post-secondary education.

We learned yesterday that the Secretary of State has indeed referred to four objectives in his discussions with his provincial counterparts, the Ministers of Education, namely mobility, accessibility, accountability or invisibility—it is not certain which—and finally, bilingualism and teaching programs in the minority language or programs for teaching the minority language.

I would remind you, honourable senators, that on this last point, as emphasized by the Chairman of the Council of Education Ministers yesterday, the system seems to be working satisfactorily on both sides since I have before me a paper entitled "Memorandum of agreement between the Government of Canada and the Provincial Governments with respect to Teaching in the Minority Language and to Teaching the Second Language". This paper is of recent date. For the information of honourable senators, I would add that even Quebec and Ottawa have agreed on this matter.

I read in the June 4 issue of *La Presse* that Ottawa and Quebec are agreeing on the financing of education for the minorities, which means agreeing on the signing of a specific agreement to extend the general agreement which provides the major co-ordinates for such agreements.

This was one of the objectives that the Secretary of State wanted to enshrine in federal legislation. I do not see the need for it since memorandums of agreement have been signed.

I noted from what the Chairman of the Council of Education Ministers said yesterday that the situation is the same for the four other points. This is true unless we are thinking of questions like those which Senator Thériault asked yesterday about accessibility. He asked Mr. Donahoe something like this: "Can I be assured that there never will be a young student with the necessary talent not being able to pursue a post-secondary education for lack of financial resources?" That was the thrust of his question, whether the federal minister using some sort of technique or formula would allow a reply to the question asked by Senator Thériault saying that there is a guarantee that no child with the necessary talent will be prevented from having access to post-secondary education. After all we should not ask such naïve questions. The educational systems throughout Canada have been aware of this fact for a long time.

Everyone knows that there is always a difference between what we could call ideal post-secondary attendance rates and the actual rates. Why is that? If someone could give me sound scientific reasons for this difference, it would be of service not only to Canada, but to all of mankind. All education systems are wondering about this.

Let us deal with only one aspect of the issue. Some sort of motivation is needed to continue one's education. If you analyze the motivation of young people, you will find inaccessible

[Senator Tremblay.]

factors. We cannot correct them. For all practical purposes, financial assistance is available to all those who are eager to invest in their own education. Of course, there might be marginal cases. I did say "who are eager to invest in their own education". If we do not accept this proviso, what Senator Thériault really means is free access to post-secondary education for all. That is the issue. Whether through an immediate contribution by way of tuition fees or a loan, that is, immediate accessibility against the reimbursement of the loan at a later date, which serves to establish a point. When dealing with mobility or accessibility, we must realize that, unless this is wishful thinking, we should not meddle with legislation such as this, unless we are willing really to get involved in the administration of educational systems.

It is then that fundamental questions are raised. They would probably not be raised if clause 9 as drafted did not really mean what it says. It is formulated in such a way, and both the Minister and Secretary of State expressed themselves in such terms that we are faced with a decision which opens the door to further legislative intrusions by the federal government in an area of clearly provincial responsibility, one which has been recognized ever since the early days of Confederation.

These are the points I wanted to make this afternoon and which, in my opinion, should be examined very closely. Unless Senator Hicks provides me with very satisfactory answers when he rises to speak again, I do not think I could open the door to such an uncertain and quarrelsome future.

[*English*]

Hon. Lowell Murray: Honourable senators, I want to begin by stating how very much I deplore the way in which this bill has been handled by the government leadership in the Senate. During the debate on second reading, a little while ago, there were speeches on this side of the chamber by Senators Kelly, Roblin, Tremblay and myself in which certain questions were raised and concerns expressed.

● (1440)

We believed that those questions and concerns would be addressed when the bill went to the Standing Senate Committee on National Finance which met yesterday afternoon. We heard from the Honourable Terence R. Donahoe, Minister of Education for Nova Scotia, and the Honourable Lynn Verge, Minister of Education for Newfoundland, who were representing the Council of Ministers of Education of Canada. In their turn, those witnesses raised important issues touching on this bill and on the whole field of post-secondary education in Canada.

Some of those concerns focused on clause 9 of this bill, which requires the Secretary of State to report annually on, among other things, the relationship between federal financial contributions and Canada's economic and educational goals; and to report on any consultations between the Secretary of State and the Council of Ministers of Education regarding—

> —the definition of national purposes to be served by post-secondary education and the means by which the

governments of Canada and the provinces will achieve those purposes.

That clause, which is in some ways innocuous, takes on a rather ominous and, indeed, menacing significance in light of statements made by the Secretary of State, Mr. Joyal, following passage of the bill in the House of Commons. Many of Mr. Joyal's statements were referred to previously in debate here and in committee.

I simply want to underline to honourable senators that what we are talking about here is an interpretation that Mr. Joyal has placed on a clause of this bill after the bill passed the House of Commons, an interpretation which, in my judgment, should not be justified by that clause and which most people who have read the clause and are interested in the subject would not accept as a proper interpretation. In particular, Mr. Joyal said that the section would give Ottawa what he called:

[*Translation*]

The right to check how the provinces use the federal funds allocated to post-secondary education.

[*English*]

Then, much more ominously, Mr. Joyal said, and I quote:

[*Translation*]

This section should ring a bell for the provinces. It should serve as an alarm signal to tell them that the federal government means business.

[*English*]

People want to know just why the alarm bells should be ringing or just what these warning signals are supposed to mean, because that was not, so far as anybody was aware, the intent of clause 9 when the bill passed the other place.

Yesterday afternoon we asked that the committee sit one more day. The committee had one meeting and we asked for another and for the opportunity to put some questions to the Secretary of State. That opportunity was turned down by the government majority. I say that that is a deplorable use by the government of its majority and one which is designed to frustrate the minority party in this chamber in carrying out its responsibilities.

Honourable senators, this bill has serious ramifications. I have made reference to clause 9 in terms of what it reveals or conceals about the intentions of the government in the field of post-secondary education, but there are other serious ramifications. The application of the six-and-five program reduces the transfers to the provinces by $118.5 million in 1983-84—this reduction applies retroactively—and by $260 million in 1984-85. These reductions will materially affect post-secondary institutions, universities and community colleges which are already hard pressed and which are already feeling the pinch, especially in the poorer provinces.

The Breau report—that of the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements—projected less than three years ago, I believe, that there would be continued declines in post-secondary enrolment in this country for many years to come. Less than three years later we find that enrolments are increasing by better than 5 per cent nationally in the academic year that is just drawing to a close.

On the matter of the pinch that the universities are feeling at a time when, as Mr. Donahoe pointed out yesterday, the provinces and the universities are struggling to meet new challenges presented by the changes in Canadian society, I noted that, when the Finance, Trade and Economic Affairs Committee of the House of Commons met to consider this bill, Dr. Donald Savage, the Executive Secretary of the Canadian Association of University Teachers, said this:

We believe that, at the moment, Canadian universities are seriously underfunded, that their capacity to deliver first-rate education in reasonable circumstances to their students is declining.

Dr. Savage went on to say:

We find, for instance, that even before the period in which funds began to fall off for Canadian universities, Canadian university libraries were not particularly competitive on the North American scene. For instance, the latest analysis of libraries which includes the United States and Canada indicates that Queen's University would rank eighty-fifth in North America, right in there with the University of Connecticut. You will find three campuses of the State University of New York with better library collections than Queen's; you will find a number of campuses of the University of California in the same category; and so on. Indeed, the only two Canadian universities which are in any way really competitive in an international sense are Toronto and the University of British Columbia.

Dr. Savage indicates that the provincial cutbacks taking place in British Columbia are, and I quote:

—going to knock the library of the University of British Columbia right out of that international competitive ranking.

At the same time, Dr. Andrew MacKay, the President of Dalhousie University and also the President of the Association of Universities and Colleges of Canada, said this to the committee:

Let me speak for my own institution—and I hate to say this, but some of the things I am going to tell you I am not proud of. For example, in our chemistry department, instead of offering laboratory periods for students in normal chemistry classes as we once did, weekly, for a full afternoon or a full morning, the students in the beginning years of chemistry may get a laboratory period once every two or three weeks. In part that is because of the shortage of supplies; shortage of funds for supplies for chemistry. It is perhaps just a footnote that our costs in terms of supplies for chemical materials and chemistry equipment are higher because of federal tax implications that apply to those that once did not. But that is one of the costs we have had to meet.

That is one part of my university. The other part, the computer science—development in the program for com-

puter science . . . the access to computers for young people in sciences and social sciences—we simply cannot keep up to the demand. We are far too limited with equipment. I am personally trying to hustle means of accomplishing goals to meet the needs of students. I do not know quite how that is going to be put together over the next two or three years. That is a major problem.

In some of our beginning classes in particular, numbers have increased beyond what my colleagues would like to see; certainly beyond the ratio we knew in the 1960s and 1970s. It is particularly difficult, for example, in language classes.

This is one of the national objectives, I may say, set out by the Secretary of State. Dr. MacKay continues:

I do not know how one—

• (1450)

Hon. Frederick W. Rowe: I wonder if I might interrupt the honourable senator to ask a question relative to a point he just made.

Senator Murray: The question might be better addressed to Dr. MacKay, whom I am quoting, but I will hear it.

Senator Rowe: I believe that you mentioned, a moment ago, federal tax implications. Is there an actual tax on chemical supplies going to universities?

Senator Murray: Dr. MacKay says, in terms of supplies for chemical materials and chemistry equipment, that there is a federal tax applicable now which was not applicable in the past.

Dr. MacKay goes on to speak of language classes:

I do not know how one teaches languages well in classes that are just too big. But language classes are not the only ones that are affected.

We have had at my institution—

That is Dalhousie University in Halifax,

—in the last two years, I think, more than a hundred fewer support staff. This year or next year, I should say, we are quite likely to have fewer academic staff, though we face more students next year than we have had in the last year. In the Maritime provinces over the last four years enrolment has grown by more than 25% across the system. That is more than the equivalent of full-time enrolment at the University of New Brunswick and more than the equivalent of Dalhousie's full-time enrolment last year. We are now marginally over 8,000 students full-time. Last year we had fewer. There have been more than 8,000 full-time students in the university system in the maritime provinces over the last four years, but we have had no means of keeping up the same sort of support for their educational programs.

So says the President of the Association of Universities and Colleges of Canada, who is also President of Dalhousie University, Dr. MacKay.

He went on to speak of the budgetary situation, and I should like to place this one paragraph on the record:

[Senator Murray.]

Let me simply stress that universities face great difficulties, and one of the difficulties that I think we face, if you look down the road beyond the next year or two, is the difficulty of planning with any feeling of certainty over more than a few years at a time. If you look back over the history of federal and provincial funding of the university system in Canada, back even to the early 1950s, there has been a change about every five years, at a maximum. That is a very short time frame for universities to plan in, when most of your programs are for a minimal of four years. In 1980 we began to go through the difficulties of federal-provincial discussions about renegotiating the EPF, and there was a great deal of uncertainty in the universities through the next two years.

We now face a situation where, apparently, we will have limited transfers to the provinces to support the kind of work we do for the two years of 1983-1984 and 1984-1985. We do not know what is on the horizon beyond the spring of 1985. I hope that it is possible for governments to agree on at least the framework for long-term planning, if post-secondary institutions, and especially universities, are to have a full opportunity to contribute to the future of this country, as we think they ought to have and as young people deserve.

This bill has serious ramifications for federal-provincial relations, because the bill, unilaterally and retroactively, changes the formula. It imposes the six-and-five ceiling for two years, but it thereby reduces the base upon which the GNP escalator will apply in succeeding years. So there are direct reductions taking place retroactively for last year and for this year, with the effect of reducing support in succeeding years.

• (1500)

Thirdly, the bill has serious ramifications because it purports to abandon the concept of block funding. For the first time in legislation, for the first time since block funding was introduced, the government formally separates the funding for post-secondary education and for health care. I say that the government "purports" to abandon the concept of block funding because the allocation formula settled upon and dictated by the federal government in no way binds the provinces.

As I pointed out the other day, in 1977 the agreement on block funding was for health and post-secondary education. No distinction was made as between health and post-secondary education, and the allocation formula—67.9 per cent supposedly to go to health, and 32.1 per cent supposedly to go to post-secondary education—was an afterthought on the part of the federal government. That allocation is arbitrary, it is unilateral, it is irrelevant, and it is of no effect; and it will be of no effect, I suggest, even after this bill is passed, if it passes.

The provinces are completely free to allocate these funds between health services and post-secondary education as conditions and priorities in each province warrant.

Senator Hicks has correctly stated in debate in this chamber and in committee yesterday that in so doing the provinces are

doing nothing illegal. But every time he says that, he makes it sound as if what they are doing is faintly immoral or improper.

I wish to be quite clear on this. There has never been any agreement, there has never been any undertaking, there has never been any commitment, on the part of the provinces that block funding would be allocated in any particular proportions as between health and post-secondary education—not since block funding was introduced in 1977. To reproach any province for not spending 67.9 per cent of the federal transfer—or what the federal government calls its transfer—on health and 32.1 per cent on post-secondary education is totally unjust.

Our colleague, Senator Stewart of Antigonish-Guysborough, said in committee—and I trust that I am quoting him correctly—that since 1967 there had been "a sort of ground rule" that the costs would be shared 50-50 as between the federal and provincial governments. I believe that the assertion that there is "a sort of ground rule" should be placed alongside the following quotation from the report of the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements. At page 75 it says:

> In assessing this question, it is helpful not to enter the discussion with too much "50-50 hindsight". Contrary to popular belief, there was no precise 50-50 cost-sharing in health insurance or post-secondary education in any one province prior to 1977. Federal transfers to a province were based on national average costs in medical insurance, a mix of national average and provincial costs in hospital insurance, and either 50 per cent of the total post-secondary operating costs, or an escalated per capita grant ($15 in 1967) for post-secondary education. Thus, in post-secondary education, where fee income supplements provincial operating grants, the federal share of post-secondary operating costs exceeded provincial government shares long before EPF was introduced.

Senator Stewart also pointed out—and I do not quarrel with his description—that there is an "historical basis" for the allocation formula. I referred to this the other day in debate on second reading. I would like to put the historical basis in context by quoting again from the report of the Parliamentary Task Force:

> Moreover, although the allocation formula used by the federal government for EPF . . . reflects the federal expenditure proportions that prevailed nationally in 1975-76, these proportions did not apply to any one province. Significant disparities existed because of differences in post-secondary operating costs across provinces, and consequent disparities in federal contributions. For example, in Quebec over 35 per cent of federal contributions for the three established programs went to post-secondary education in the 1975-76 base year, while in the three Atlantic provinces who chose the $15 per capita system, barely 25 per cent of the federal contributions were for post-secondary education.

I have already made reference to Mr. Joyal's threats and his interpretation of clause 9. I believe we are entitled to know—and I would have thought it proper, legitimate and right that we should have had the opportunity to find out from Mr. Joyal himself in committee—what the federal government's plans are for higher education. What are these educational and economic goals of which the federal government speaks? What definition does the federal government give to this national purpose to be served by post-secondary education?

When Minister Donahoe appeared before the committee, he spoke of discussions that had taken place between the Council of Ministers of Education and the federal government concerning Ottawa's definition of "national objectives". He told the committee that the best that they could elicit from Ottawa as a statement of national objectives might be summed up in the four headings referred to by Senator Tremblay a few moments ago: one, mobility; two, accessibility; three, accountability for the funds; and four, the official languages.

Minister Donahoe argued that those objectives are now being well served and attained by post-secondary institutions. There may be some argument about that, but Senator Hicks pointed out yesterday afternoon that if that is the best that the Secretary of State can do on "national objectives", then, in the honourable senator's words, "he ought to do better". To supplement that remark, I would again place on the record a few sentences from Dr. Andrew MacKay about this subject of national objectives. The following statement was made by Dr. MacKay when he appeared before the House of Commons Committee on Finance, Trade and Economic Affairs:

> In my view—and I do not speak perhaps for the association on this aspect, but my own personal view is that the Government of Canada has never decided what its co-ordinated interests in post-secondary education are.
>
> Indeed I think it is fair to say that in Canada as a whole the effort to develop a co-ordinated interest and statement about the objectives of post-secondary education has never been developed. This is not only at the level of the federal government but in some respects within provincial governments. That is why there are commissions under way in a variety of provinces.

• (1510)

At the committee meeting yesterday and in previous debates, Senator Hicks quoted Dr. J. A. Corry on the question of jurisdiction. I do not want to go into this at very much length, not being a constitutionalist. The argument is that while section 93 of the Constitution referred to the powers of a legislature in and for each province, the Canadian Parliament by virtue of the "peace, order and good government" clause of the Constitution had, as Senator Hicks put it, the "requisite competence over needs that transcend provincial boundaries." Senator Hicks said at the committee meeting—and, again, I trust I am quoting him correctly—that there may be national goals—he was referring to education—that go beyond those of a province and "the federal government ought to be free to move there."

Honourable senators, I think it is incumbent on Senator Hicks and those who think as he does—and Mr. Joyal may be

one of them—to say how far they think the federal government could or should intrude in a matter like education using the "peace, order and good government" clause of the Constitution of Canada. Would they have the federal government decide how much money should go to which universities or community colleges, what the universities should do with the money, what they should teach, how many universities or community colleges there should be in a given province or region and what they should be doing? I think that those are serious questions that it is incumbent upon those who make the argument that the federal government should have a greater role in education and, indeed, should use the "peace, order and good government" clause to exercise that role, to show us how far they think a federal government could or should go in this direction.

I very much regret that because of the government's insensitive and—

Hon. Richard A. Donahoe: Dictatorial.

Senator Murray: I was going to say, brutal use of its majority in committee, we were not given the opportunity to address the matter in committee.

The debate on this bill may be coming to an end but the debate on the subject matter is only beginning.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, I simply want to raise a point of order concerning Senator Tremblay's speech, in which he quoted me, and I believe incorrectly, as saying that I asked Minister Donahoe to show me a student who had been denied admission to a university because of financial problems. The question was the other way around.

I merely wish to say that nothing he said has made me change my mind. I believe that in all provinces, and especially in New Brunswick, with which I am more familiar, there are many students who, for financial, economic and sociological reasons, never get to university because they cannot meet the financial requirements.

I agree with Minister Donahoe that if the Minister of Education or the minister responsible for post-secondary education in New Brunswick could point to the case of someone who is unable to enter university, that steps would be taken to make this possible. I have done so myself when I was there, and this is still being done. It does not solve the problem because there are also many students who do not finish college and even if they do, fail to get to university because they lack the economic and financial resources.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the debate on Bill C-12 has, I feel, demonstrated the usefulness of a second legislative chamber especially in a federal state that considers the problems and concerns of the provinces or member states.

This bill was adopted at all stages in the House of Commons without real debate, and certainly without much attention from the media. Not until the bill was brought to the Senate did we hear statements that have caused real concern among the provinces and authorities in the field of education.

[Senator Murray.]

In fact, it was Minister Joyal who, as it were, lit the powder keg. Of course, I do not mean to compare the Senate to a powder keg, and besides, it would take more than this to blow up the Senate. Furthermore, when I referred to the need for a second legislative chamber to listen to the views of the provinces, I think there is ample proof that this is not happening in this Senate. A reformed Senate might. We shall see, or rather our children will.

Mr. Joyal's statement led the Committee on National Finance to invite the Chairman of the Council of Ministers of Education, Mr. Donahoe, who appeared before the Committee yesterday to talk about the main objections and concerns of all, I repeat all, provincial Ministers of Education.

Senators Tremblay and Murray mentioned the three main questions of unilateralism, the decision to change the formula and insert certain provisions concerning the allocation of funds to health and post-secondary education, and especially the matter of the objectives the government wanted to, and in fact did, slip into the bill and which Minister Joyal interpreted, as I said earlier.

The first issue is the unilateral aspect of the decision, second, changing the formula and thus restricting payments or availability of funding for the provinces and third, the objectives.

Before discussing this, I would like to quote Minister Joyal and comment on the views of Mr. Corry who was quoted by Senator Hicks, with respect to the jurisdiction of the federal government over education. In my view, there is only one way in which the federal government can intervene in the field of education. It can do so in an area that is not covered by the provincial system. In other words, unlimited spending power does not mean the power to make the provinces spend as the federal government would have them spend. If the federal government wants to spend money in one area of education and says: "That comes under my jurisdiction, because it is in the national interest"—well it has already done so with student loans, for instance. The federal government made student loans available to all students across Canada. No one has been very anxious to challenge the federal government's authority in this area.

However, while we are on the matter of student loans, perhaps I may be allowed to digress and point out to Senator Thériault that the problem of access should be understood as: Can a student pay his tuition? If you tell me: He cannot, because his family needs him, because he is in a location or environment where he does not have time to go to university, that is different. To me, access is a matter of being able to obtain the funds required to pay one's tuition.

• (1520)

In this regard I believe that, generally speaking, as Senator Thériault recognized earlier and as Mr. Donahoe said yesterday, a student who wants to find the money to pay his tuition fees for his post-secondary education can surely find the necessary amounts. There are student loans. There are also many provincial and private scholarships, all sorts of assist-

ance. A great number of young people find themselves in a situation where they cannot leave home to pursue their studies, either because they have to help their parents or for some other reason. In that context, there is a lack of accessibility.

However, I underline once more the fact that, under section 93, the federal government is not allowed to interfere in provincial education systems. The power to spend does not give the federal government the right to tell the provinces how or where to spend. This is what is worrying the provinces following the statement made by Mr. Joyal after the bill had been approved by the House of Commons.

I would like to quote from this statement:

> Existing agreements on education—

This is the statement made by Mr. Joyal, if I am not mistaken.

> —will expire in March 1985 if Ottawa and the provinces cannot agree before then—

About what, I do not know; perhaps about the way to spend.

> —Ottawa will go forward with legislation allowing it to turn off the money tap under certain conditions, Mr. Joyal said yesterday.

This statement appeared in the May 24 issue of *Le Devoir*. We had already heard Miss Bégin, when speaking about health naturally, talk about turning off the money tap. We had not yet heard it related to the field of education and we had not even understood this in the bill before us, but Mr. Joyal then said: "If there is no agreement before March of next year, we shall find a way to legislate to turn off the money tap." We must not forget that all this money comes from the taxpayer's pockets, whether we are referring to federal money, provincial money or the visibility of federal contributions. Unless I am mistaken, we had a sample of this in the Medicare Act, as the government would like all the documents to clearly show the federal contribution. I asked at that time whether the medicare card would have to carry Miss Bégin's picture to show that there is a federal contribution. I imagine that, from now on, all documents needed to gain admission to the university will carry Mr. Joyal's picture. I do not know whether it will be that one as it does not give him a very peaceful look, but he could take either that one or any other one. This is what we find:

> For years, the federal government has requested that post-secondary education in Canada, while being strictly under provincial jurisdiction, should meet four objectives: absolute mobility of students from province to province, access to education in their own language for students belonging to a linguistic minority; most of all, Ottawa wants to make sure that the provinces actually inject these funds into education and intends to increase federal visibility in the post-secondary field.

I have just mentioned visibility. The interpretation given by Mr. Joyal to section 9 already mentioned by Senator Murray in particular is clearly an open door and blows a horn for the provinces: "Listen, if you do not do what we want you to do in an area under your exclusive jurisdiction, we will turn off the tap. We will do for education exactly what we did in the field of health care."

Yesterday, when we referred to the conditions of mobility, accessibility, bilingualism, and so on, Mr. Donahoe said several times—and no one was able to contradict him in committee, especially not Mr. Joyal as Senator Frith did not want him to appear and provide the explanations—that the government should be asked what more it wants and what more it expects from the provinces. The provinces are ready to enter discussions if it is only a matter of discussing and trying to agree. There would be no problem in that case.

The federal government has kept its hand to itself. Until now, it has simply said that the criteria must be respected and that if they are not, the money tap will be turned off.

I therefore consider that in this field, as in the field of health care, what we have is a government that wants to dictate to the provinces how they should spend their money. It is using its power to spend to tell the provinces how to spend.

If the equalization formula is changed to enable the federal government to tell the provinces exactly what they are going to do, that puts the provinces on a leash and prevents them from acting as they see fit in accordance with their views and those of their legislative assemblies, or along the lines which, in the opinion of the government, are in the best interests of all provincial residents.

It seems to me that, in those circumstances, the Senate must find a way to sound the alarm, but not at all the way Mr. Joyal has suggested. Instead of saying to the provinces that the tap will be turned off, the central government should be told: Listen, if you want to cooperate in the field of post-secondary education through the equalization formula and adjustments to direct transfers, fine. As far as we in the Senate are concerned, we do not want you to tell the provinces how they will organize their post-secondary education system.

With that in mind, I will move an amendment which will have the effect of striking out sub-paragraphs (*d*) and (*e*) of paragraph 24.1 of clause 9 of the bill which has to do with the report the Secretary of State must table before Parliament every year on

> (*d*) the relationship between such federal contributions . . . programs and Canada's educational and economic goals.

Well, I admit that Canada may have educational goals, but not in a field under provincial jurisdiction.

> (*e*) the results of any consultations by or on behalf of the Secretary of State with the Council of Ministers of Education, Canada relating to the definition of national purposes to be served by postsecondary education and the means by which the governments of Canada and the provinces will achieve those purposes.

Those two sub-paragraphs did worry the ministers of education. The Senate ought to be worried as well. Our amendment to strike out those two sub-paragraphs will not kill the bill, quite the contrary. By taking this step, we indicate to the federal government our concern about the fact that it

intends—or even only implies, for that matter—to intervene in a field were it has no jurisdiction. It might eventually tell the provinces how to spend the money they are given in accordance with the equalization principle which is enshrined in the Constitution, as Senator Tremblay pointed out earlier.

With this amendment, we are sounding the alarm for the provinces and for the Senate which looks after the constitutional rights and problems of the provinces.

I therefore move, seconded by Senator Murray:

> That Bill C-12 be not now read a third time, but that it be amended by striking out sub-paragraphs (*d*) and (*e*) of paragraph (1), section 24.1 of Clause 9 (lines 45 to 48 on page 7 and 1 to 9 on page 8) of the said Bill.

I have copies for honourable senators. The amendment is very easy to understand.

Hon. Royce Frith (Deputy Leader of the Government): I think we can easily understand the amendment by referring to the bill itself. It is simply a matter of striking out two sub-paragraphs.

Senator Flynn: You are right.

• (1530)

[*English*]

Senator Frith: Honourable senators, speaking to the amendment, and on the assumption that the observations made by Senators Tremblay, Murray and Flynn were applicable both to the amendment to some extent and also to the bill itself—not that they are limited and unable to speak to the amendment if they so wish—and in order to avoid my speaking on the question of the bill at third reading again, I make these observations.

I might say that the divergent views were quite eloquently put forward by both sides at second reading and, to some extent, in the committee; certainly by Senator Donahoe's son, the distinguished Minister of Education for the Province of Nova Scotia. It seems to me that the essence of the debate and the issue that we finally ought now to face is whether there should be more consultation before the legislation is passed, or whether the legislation should be passed and the consultation continue, as it no doubt always will under a federal system. As Senator Murray has said, the debate on the bill may be coming to an end, but the debate on the question is not, and I agree with him. I am sure that it will continue for a long time.

With respect to six-and-five and the application of that program, most of what was said has been said before, except for Senator Tremblay's comments. However, that does not mean that it ought not to have been repeated and with the force of conviction with which it has been expressed. I think the principle there is that the government is saying that is their policy, and I can't add anything that Senator Hicks has not said, or that has been said on the other side.

As to the decision of the committee not to hear the minister, while the adjectives that were used by Senator Murray were a bit extravagant, I can understand that a person of his rhetorical skill could be carried away by his own rhetoric in some cases. However, in my opinion he did overlook or chose to overlook the reasons that his colleagues gave for not agreeing to have the minister called. I was at the committee meeting and, if I understood them correctly, they said that they certainly agreed that the views of the minister would be interesting, but that they were not relevant to the issue that was before the committee at that time—

Senator Murray: How do you know until you have heard them?

Senator Frith: —namely that while the reasons—we had heard them—

Senator Murray: But not before the committee.

Senator Frith: You cannot have it both ways. You make up your mind that you do not know what the minister might say, or as Senator Murray did, you say, «The minister has made these statements and therefore we should call him before us.»

Senator Murray: Yes, to explain himself.

Senator Frith: That is the senator's view. I suppose it is understandable and quite human that, when it turned out that Senator Murray could not persuade his colleagues that it would aid the committee or the Senate in the consideration of the bill to call the minister, because they disagreed with him or were not persuaded by him, he decided that such inability to agree with him could only be caused by insensitivity and brutality, whereas in fact—

Senator Flynn: The only argument that prevailed was your instructions to the members.

Senator Frith: There were no instructions. The reasons that were given were given by—

Senator Flynn: It is only an argument, and I challenge any other member to—

Senator Frith: Of course, we can interpret the proceedings as we wish. I gave no instructions. In fact, the senators who spoke at the committee meeting gave their own reasons why they did not support Senator Murray's motion, and he considers that a sign only of brutality and insensitivity rather than of conviction sincerely held.

So there is a difference of opinion. It seems to me that the issues are clearly drawn. The question is whether we pass the bill and continue consultation, or continue consultation before we pass the bill. As Senator Steuart said in the committee, his experience and apparently the experience of others who have been ministers of education was that, at a certain time, consultation must stop and you get on with the job, and continue the consultations later.

As to whether the federal government is entitled to say anything about how the money is spent, that again is a matter of policy and I suppose the situation can be summarized by saying that, while the man who pays the piper is not entitled to call all of the tunes, when he pays the piper to the extent that the federal government pays, he should be entitled to request the odd number.

Senator Donahoe: Honourable senators, I would like to express a thought or two in connection with the amendment that has been moved by my leader this afternoon. After listening to the speaker on the other side, I have come to the conclusion that we have a remarkable degree of unanimity here in this chamber. If I am to believe Senator Frith, everyone believes that, following the passage of the bill as it now stands, there should be consultation; also that those who do not approve of the passing of the bill as it now stands and who wish to see it amended believe that there should be further consultation. Therefore, all of us, regardless of where we sit in this house, are in favour of further consultation on this very point. That brings us surely to only one conclusion: What should be the conditions under which that consultation is carried on? Should we do it in a manner that reflects conformity with the Constitution as it now stands, or should we stand idly by and allow a bill to pass which contravenes the provisions of the Charter of Rights and Freedoms and gives to the federal government a degree of authority, a degree of influence, in the matter of consultation that it would not have if the bill were not passed as proposed?

• (1540)

I have stood many times and I have implied, as was perhaps implied here this afternoon, that far too often senators on the other side of the chamber vote not because of their convictions, not because of their beliefs, but because they wish to carry out instructions delivered to them to support the government.

I have said that many times and my comments have been ineffective. I have become tired of saying it and will not say it now, but I do say this to you, and it is the only thought I want to leave with you: Which is the better atmosphere in which to carry out this consultation? This is an important matter to the provinces, and the federal government is intervening in a matter which, according to the Constitution, is within the jurisdiction of the provinces. Should the consultation be carried on, as I said, in an orderly manner and in compliance with the Constitution, or should it be carried on under the whip hand of the federal government?

If you agree that the right way to carry on the consultation is to do it under the threats from Mr. Joyal, under the threats by the federal government that the provinces are liable to be subject to punishment, then by all means do not listen to what is being said by those on this side regarding the desirability of an amendment. If, on the other hand, you are, as I believe you are, reasonable, sensible, constitutionally minded gentlemen, and if you believe that the Constitution—

Senator Frith: As defined by you.

Senator Donahoe: If it is defined by me, you may be sure that I define it much more stiffly than you define it, and therefore it is much more likely that I am correct in stating what I have stated than if I were to wait to hear from you on the subject.

Should we be under the whip hand of the federal government or should we meet like gentlemen in an orderly manner, have regard for the Constitution and endeavour to arrive at a solution that is acceptable to both sides?

I have not the slightest hope of convincing Senator Frith. He is under constraints to do certain things. He is paid, I might even say. He occupies a position that requires him to do certain things and I do not expect to persuade him by reason or by eloquence or in any other way. Therefore, I am not concerned about his comments. But I see that he is not alone; he is surrounded by reasonable men. I appeal to them to give consideration to the atmosphere in which those consultations can best be conducted, an atmosphere that is best produced and best served by passing the proposed amendment.

Senator Hicks: Honourable senators, I can speak only to the amendment, if honourable senators wish, or I can close the debate by replying to the—

Senator Flynn: You can speak, but you cannot close the debate.

Hon. Martial Asselin: You can only close the debate on second reading, not third reading.

Senator Hicks: This is not second reading; this is third reading.

Senator Donahoe: That is what they told you.

Senator Hicks: I started by trying to be conciliatory and meet your views by saying that I can speak either to the amendment strictly, or I can close the debate.

Senator Asselin: You cannot close the debate on third reading; you can do that only on second reading.

Senator Hicks: I see. In that case I will speak strictly to the amendment. I oppose the amendment because it will remove two subclauses of clause 9 of the bill. Indeed, at the committee meeting the motion which my honourable friend made, and which his associates supported, was to delete clause 9 in its entirety. I said that I did not agree with that and that I thought it would be interesting to leave clause 9 in the bill because I think the idea of reporting to Parliament is a good one, and even though I agree that there may be some difficulties in agreeing upon definitions as to the allocation of funds between the federal and provincial governments, I think it would be interesting to see the kinds of reports that came before Parliament as a result of this clause.

I would not have included that particular clause in the bill had I drafted it myself, and neither for that matter did the Secretary of State include it; that clause was added to the bill by a group of members of the House of Commons largely composed of members of the party to which my honourable friend, the Leader of the Opposition belongs. That is neither here nor there. I think the idea is an interesting one and I would like to see what results from it.

I admit—and Senator Murray has heard me say this before, as have others, perhaps—that subclause (d) is a puzzler, but it will be extremely interesting to see how the Secretary of State reports on that rather nebulous clause, which states:

the relationship between such federal contributions, transfers and programs and Canada's educational and economic goals;

As for subclause (e), I see no objection whatsoever to that. That merely says that if there are consultations between the Secretary of State and the Council of Ministers of Education, Canada, they should be reported to Parliament. That seems to me to be entirely reasonable. It does not require such consultations to take place; it merely requires that if there are such consultations the outcome shall be reported to Parliament.

For those reasons, honourable senators, I propose to vote against the amendment, which would delete subclauses (d) and (e) of clause 9 of the bill.

I have other comments I shall make later regarding other concerns raised by my honourable friends.

Senator Flynn: You will not have an opportunity to do so later.

Senator Hicks: Allow me to complete my sentence. I will have something to say about the observations which my honourable friends have made concerning other matters in the bill later, but that is all I have to say regarding the amendment.

I have been speaking—and I have been very careful—only to the amendment.

Senator Flynn: To be very honest, we could play a trick on Senator Hicks. He has already spoken on the main motion, so he cannot speak again. We are giving you an opportunity to speak on both matters now, but we will not give you that opportunity later.

Senator Hicks: I do not wish to get into a debate on the rules with my honourable friend, the Leader of the Opposition—

Senator Flynn: There is no problem with the rules; they are clear.

Senator Hicks: I will deal briefly with the other matters which have been raised by my honourable friends.

The chief point Senator Tremblay made, which I think needs to be elaborated on or elucidated, has to do with the application of the six-and-five program and whether that applies to the fiscal transfer only or to the cash payment transfer.

I can reply in great detail by reading the detailed way in which those amounts are calculated, but I do not think that that is necessary. The six-and-five program applies to the method of calculating the total entitlement for the Established Programs Financing. Under this legislation, it divides that entitlement amongst post-secondary education and health care services. It then determines, using the figures which Senator Murray has called arbitrary—and I cannot disagree with him, although I could make an argument but I do not think it is necessary—that the proportions of the block funding introduced in 1977 would allocate 32.1 per cent to post-secondary education and 67.9 per cent to health services. These figures are then determined on a per capita basis, multiplied by the population of each province and the gross figure of the transfer for both the established programs is determined. The figure for post-secondary education only is limited to 6 per cent for the 1983-84 fiscal year and to 5 per cent on the per capita amount for the 1984-85 fiscal year.

[Senator Hicks.]

• (1550)

The tax points are then collected in exactly the same way as they are now, which is uniform for all provinces except Quebec where they are collected directly by the province. Then, the cash payments are calculated by deducting the amount resulting from the tax points from the total amount determined by using the escalator, to which I have referred and which is now modified or limited by the six-and-five. Therefore, there is not intended to be, and cannot be, any interference in the payments derived by the concession of tax points from the federal government to the several provinces.

Senator Tremblay: May I ask a further question on this point? If I understand correctly, the 6 per cent or the 5 per cent, according to the year, will apply to the growth of the yield of the transfer—

Senator Hicks: The total transfer of payments, not the tax points.

Senator Tremblay: It would apply jointly to the part which is a transfer of equalized tax points and to the cash payments. I am sure you know that the growth of the amounts corresponding to the equalized tax points will be higher than six or five.

Senator Hicks: That may be right in some provinces.

Senator Tremblay: In general, and particularly in the case of those provinces that do not get equalization because, as you know, equalization is based on the Canadian average and there are provinces that will get equalization if they are below the average and others will not. How do you apply the 6 per cent in the case of a province which will not receive equalization? You would then limit the growth of a provincial tax, of a tax which as been transferred to the province. I am speaking of a very significant precedent in terms of the overall system of fiscal arrangements. You might not reach any conclusion about that today, but I draw to the attention of the Senate the fact that if your answer to my question is the one you have just given, the ultimate consequence of that is questioning the whole system that we have been establishing over the past 30 years. I would like that to be analyzed more fully and to get a specific answer.

Senator Hicks: I cannot say much more now, but I do not quite see it that way. I think the yield from the tax points, whether equalized or not, depending on which province is involved, is not interfered with. But, quite obviously, when you have calculated the total sum which is to be transferred in relation to post-secondary education, as an increase over the previous year of the six-and-five, then if, as a result of the increase in the yield from the tax point transfer, the sum from that source going to a given province is greater, then the cash transfer will be less. If the equalized tax point transfer is less, then the cash payment to that province will be greater. I understand Senator Tremblay's point, and I thank him for his

courtesy in explaining it to me in English, which I followed with greater facility, but I think that the result does not impinge upon those principles which have been operating for the past 30 years, because the adjustment is made against the balance of the cash transfer. That is as far as I can comment on it at the present time.

Senator Murray was concerned about clause 9, but I have already dealt with this. It is known from my remarks on second reading and in other places, that I am not anxious to curtail the revenues available to our universities, but that I am concerned, and I think that the federal government is entitled to be concerned, at its disproportionate and increasing support of the universities and the generally diminishing support of the provinces for universities. That is why I was willing to sponsor this bill because I think that the performance of the federal government in support of post-secondary education has not been too bad, as the record shows, but some of the provinces particularly have fallen down on what they should do.

The provinces claim, and it has been claimed on their behalf in this debate this afternoon, that they have exclusive jurisdiction over education, including post-secondary education. I have challenged that, but without expecting my views to prevail in the present climate in Canada and even in relation to the present Government of Canada. But be that as it may, if the provinces are going to be so jealous as to claim an exclusive jurisdiction in relation to post-secondary education, then they ought to be more willing to assume—perhaps one could even say—an exclusive responsibility for post-secondary education in those provinces. This they have not been willing to do.

This brings me to the point which has been referred to by both Senator Murray and Senator Flynn, that it is wrong for the federal government, even if it does transfer substantial sums of money in support of post-secondary education, to have anything to say about the application of those funds. I do not believe that at all. I think that even if education is the exclusive responsibility of the provinces—and I will not debate that point further at the present time—and if the federal government wants to make a contribution in support of education, then it ought to have the right to say something about the application of those funds. Indeed, I point out that the first time the federal government supported post-secondary education in Canada, they did so by making direct grants to the universities of this country. This, of course, was done under Mr. St. Laurent beginning in 1951. It is not unheard of for the federal government to enter into direct arrangements with the universities of Canada or, in this instance, through the Association of Universities and Colleges of Canada.

I have also made it perfectly clear that I was not enthusiastic about, and, indeed, that I opposed the block funding arrangements which occurred after 1977, because they further removed the federal government from any presence in post-secondary education, or from any influence in the application of the funds once they had been transferred to the provinces. Perhaps that is one of the reasons why we are in the kind of hassle that we are in today because the provinces have used these funds in the way they were perfectly properly and legally able to do, but, nevertheless, not in accordance with the basis of the calculation which had induced the federal government to transfer these funds to them, whether by allocation of tax points or by the direct transfer of cash grants.

Senator Murray said that those who debate the role or the position of the federal government in relation to education, including post-secondary education, ought to be prepared to enunciate the role which they think the federal government should have. I do not think that that is germane to this debate, but I have already hinted at some of the things that I would do. I would approve of direct grants from the federal government to the universities. This is done in a great many other countries, including some federal countries, and in some respects and for some aspects of education in the United States, the great country to the south of us.

• (1600)

As for the question with respect to consultation, I do not know whether the federal government could have waited any longer to make its move. Whether one agrees with it or not, this bill represents that move. I tend to think that, perhaps, we had better pass this bill and get on with the consultations afterwards.

I note that Mr. Joyal, the much and unpopularly quoted Secretary of State, if one is to judge from the remarks in the Senate this afternoon, has said that he is setting up a task force to review the federal role in post-secondary education under Mr. Al Johnson, who is certainly a very competent person to undertake a task such as that. How effective it will be, I do not know. I express the hope that Mr. Joyal, and his successor or successors, will take this task force very seriously, give it the support it needs and that, at long last, we might have an analysis of the federal government's position vis-a-vis its support of established program financing and, in this respect particularly, the established programs relating to the support of post-secondary education. I fervently hope that that will be so.

It is rather interesting to note that when I was cynical about this aspect at the committee meeting yesterday afternoon, Minister Donahoe from Nova Scotia expressed much greater optimisim than either Senator Davey Steuart or myself with respect to the likelihood of such consultations between the provinces and the federal government resulting in agreement. I made the remark then, somewhat facetiously, that since he was younger than Senator Steuart and myself that, perhaps, he was entitled to be more optimistic—I certainly hope that he is right.

Again, I do not see the relevance of discussing in this debate the question of whether or not there may be some students who cannot afford to go to universities because they do not have sufficient financial support. I would not have gone as far as Minister of Education Donahoe did yesterday when he contended that there was not a single student in Nova Scotia—the province to which he was referring, I presume—who could not attend university because of financial considerations. I would not go that far; however, I think, generally speaking, students who have the capability of benefiting from university educa-

tion as a result of the programs of this federal government, and of the governments of several provinces in Canada, can manage to attend university and obtain their university degree. Then, if they have established their competence, they will find it even easier to continue their education into graduate work.

The only other note I made was with respect to Senator Flynn's statement that the spending power does not allow the federal government to tell the provinces how to spend the money—perhaps not. However, what it certainly enables it to do is to exercise a judgment of its own as to whether or not it would give that money to the provinces. Here, I think the federal government is entitled to say, «We transfer this money to you in support of post-secondary education and you may not use it for highways, public works or something else.» This is one of the reasons why I was unhappy with the block financing that has characterized our support of the established programs since 1977. While I am still opposed to it, I hope that as a result of Mr. Johnson's task force, or whatever other devices we may resort to, this situation between the federal government and the provinces may be improved in the years ahead.

Hon. Senators: Hear, hear.

Senator Murray: Honourable senators, I rise for the purpose of putting one question, if I may, to Senator Hicks.

Senator Hicks has stated that it is his personal view that the federal government ought to return to direct grants to universities. I ask him whether there would be conditions attached to those grants and what type of conditions, in general, would attach?

Senator Hicks: Thank you, Senator Murray, for your question.

There never were conditions attached in the years following 1951. I would favour no conditions being attached except that the amounts transferred would vary, perhaps in accordance with the types of program that were supported, more in support of expensive graduate programs and professional programs and so on, and less in support of the inexpensive undergraduate programs. Doing this on a per student basis would seem to me, as it was in 1951, to be a fair way of going about it.

However, the great error in the 1951 system of transfer was that the money was not transferred on the basis of a relationship to the population of the universities themselves but, rather, was transferred on the basis of the population of the province in which the university was located. In my opinion, that was the great flaw in the Honourable Louis St. Laurent's formula commencing in 1951.

Senator Murray: It was certainly a great flaw from Nova Scotia's point of view since, as I recall, Nova Scotia had a higher university population per capita than many other provinces.

I would like to know whether or not the grant would apply to community colleges as well, and whether or not conditions would attach to those grants and, if so, what type of conditions.

[Senator Hicks.]

Senator Hicks: I am not prepared this afternoon to outline a new federal grant program. As I have said, I do not see much likelihood that my proposal will be adopted now, in any event. The one great difficulty arises from the strong views held by my friends in the Province of Quebec, which I understand and with which I sympathize to a certain extent. Nevertheless, I do not agree with them from my own experience. It is a matter of policy as to the nature of these transfers. For example, in Nova Scotia, post-secondary education was defined to include grade 12 of the so-called public school system. In my view that was wrong. That should never have been included at all in the entitlement for these funds. Again, I think that the federal government ought to discuss this matter carefully with provincial authorities, and with others, in order to come up with its program.

However, honourable senators, we are now in the realm of speculation. I wish that I had a forum and some authority to declaim on this subject, because I would like to participate in a task force that tackled this interesting and difficult problem.

Senator Tremblay: Honourable senators, I would like to ask a supplementary question of Senator Hicks.

Senator Hicks mentioned the problem of definition of post-secondary education. God only knows whether or not we had a definition in the 1950s in the case of the Province of Quebec with respect to classical colleges. At that time the question was whether or not they should be included in the definition of university. That was a big question. However, I do not want to return to that subject.

If the federal government does define a starting point for post-secondary education, do you think that in so doing it will be legislating with respect to education? That is to say, the federal government would decide where post-secondary education begins, which involves the whole structure of the educational system. Would that be included in legislation or not?

Senator Hicks: It might not be included in legislation. However, I cannot deny that if those determinations were made unilaterally it would certainly be an influence on the educational policies of the province concerned. I am saying that this is only being done as a method of calculating the sums of money to be transferred to institutions of higher learning, or to the provinces on behalf of institutions of higher learning.

Perhaps I expressed myself too cynically yesterday afternoon in committee, but, like Minister Donahoe, I think these matters could be worked out among men of goodwill. I think that while the circumstances are bound to be changing continually, and that this debate will go on beyond the lifetime of the members of this chamber, I see no reason why we should not still try to tackle the problems and solve them, at least with

respect to the immediate or reasonably foreseeable future, if not for all time.

[*Translation*]

Senator Flynn: Honourable senators, I did not speak to the amendment, but I want to make two small comments.

The purpose of the amendment is to indicate to the federal government that we do not want leadership, control or supervision. That was the expression used by Mr. Ryan who is the official critic of the Liberal opposition in Quebec City and who spoke with the authority of his rank.

Secondly, with respect to telling the provinces what to do with the money transferred to them in accordance with the equalization formula, I think that Senator Hicks would be well advised to read again section 36 of the Constitution Act, 1981, as follows:

> (2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

It does not say anything about asking questions. It is an obligation which the federal government has assumed pursuant to section 36.

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Hicks, seconded by the Honourable Senator Lapointe, P.C., that this bill be now read a third time.

• (1610)

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Murray:

> That Bill C-12 be not now read a third time, but that it be amended by striking out sub-paragraphs (d) and (e) of paragraph (l), section 24.1 of Clause 9 (lines 45 to 48 on page 7 and 1 to 9 on page 8) of the said Bill.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1620)

Motion in amendment of Senator Flynn resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macquarrie
Beaubien	Muir
Bélisle	Murray
Bielish	Nurgitz
Charbonneau	Sherwood
Donahoe	Tremblay
Flynn	Yuzyk—15.
Macdonald	

NAYS

THE HONOURABLE SENATORS

Anderson	Lapointe
Barrow	Leblanc
Bonnell	Le Moyne
Bosa	Marsden
Cools	McGrand
Cottreau	Molgat
Davey	Neiman
Denis	Olson
Frith	Petten
Gigantès	Riley
Giguère	Rousseau
Godfrey	Rowe
Graham	Sparrow
Guay	Steuart
Haidasz	Stewart
Hébert	Stollery
Hicks	Thériault
Lafond	Wood—36.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

THIRD READING

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Hicks, seconded by the Honourable Senator Lapointe, P.C., 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, on division.

• (1630)

APPROPRIATION BILL NO. 2, 1984-85

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Haidasz, P.C., for the second reading of the Bill C-45,

intituled: "An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985".—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, I yield to Senator Flynn.

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

Hon. Senators: Agreed.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this bill granting the last part of supply for the current year is in the usual form. For this reason, there is very little that I or anyone else can say which has not already been said when we discussed the estimates and the budget brought down by Mr. Lalonde some time ago.

This amount of $92 billion means that we have reached a new high. We shall also set a new record as far as this year's deficit is concerned. This deficit has been somewhat lower than the projected $31 billion. It will be $30 billion for the last year. This one will be about in the same range of figures.

If there is anything substantial which we might have done in the Senate about these amounts, it would have been in the National Finance Committee. The committee examined these appropriations. They concentrated mostly on examining the accounting methods of the government. We know that it wrote a report which was tabled in this house on May 31. This report was most interesting. Perhaps it dealt more with expenditure control after the fact than with the estimates. I feel this is excellent work. I have always wondered if we could rely on public accounts, and to what extent we could "retouch" the figures. There still remain many possibilities. I am not convinced we can ever find ways or procedures that truly enable Parliament to control expenditures.

Looking at the Auditor General's report and the problems faced by the Comptroller General, we know that Parliamentary control is more or less illusory.

In fact, the House of Commons has the prime responsibility in that matter because ours is minor; we only have a monitoring role. We have the constitutional right to oppose an appropriation bill. Practically, realistically speaking, we would have no justification to oppose it. We do not have a real mandate from the people to oppose appropriation. All we can do is give advice from time to time. As in other areas, we act as a sort of advisory council.

The Liberal majority is not reluctant to advise the government as long as this does not create difficulties for the government. In this area, this is what we did when the committee examined our accounting methods. This is excellent. From time to time, we do excellent work, especially regarding the conduct of some of our inquiries.

In this area, more still than in any other, all we can do of value, looking at a situation in a very realistic view, is occasionally tell the government to do this rather than that.

I already have managed to have the system of those appropriation bills changed, so that the numbering is no longer so confusing.

The Committee on National Finance issued excellent recommendations. Concerning the bill now before us, there is not much we can say about the form. It is standard. The House of Commons dealt with the amounts involved. Strangely, although the House of Commons debates the budget throughout the session, it seldom bothers to check whether or not money was wasted.

I referred yesterday to all the work going on on Parliament Hill. It is meant to provide jobs, which is very important as election time is approaching. We can only wonder if the rebuilding of the beautiful entrances for the two Speakers is not a complete waste. I am full of admiration for our Speaker. It is not for him personally that they are being rebuilt. I am sure he never asked for that. I am sure the Speaker of the House of Commons never did ask for that either. There can be a lot of waste. The government can rarely do anything to stop waste and really control spending.

The day may come when the House of Commons will find an approach. It is not really the role of the Senate to do so.

Again, in this area, I suggest we should support it. The Senate acts in an advisory capacity. It did so through the National Finance Committee in studying accounting practices.

I do not object to this bill being now read a second time. This clearly can be done without a referral to a committee, the National Finance Committee having had the opportunity to deal with it. We do not object either to this bill being read a third time tomorrow, so that the government can really get involved in the election campaign. In the best interest of Canadians, I hope it will bring about a change of government, so that a Progressive Conservative team can replace this tired old team and give it a very long and deserved rest.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: I would like to advise the Senate that if Senator Frith speaks now, he will end the debate on the second reading of the bill.

Senator Frith: I have almost nothing to add. I merely wanted to express my agreement with the preliminary comments and the main part of Senator Flynn's speech. Unfortunately I disagree with his epilogue.

I would like to point out, as mentioned by the Leader of the Opposition, that there is a connection between the legislation, the budget and our Committee on National Finance. As Senator Flynn said, the bill generally states in figures the principles underlying the budget. We have already dealt with that.

With respect to the committee, as mentioned yesterday and as pointed out by Senator Flynn, the estimates but not the bill are referred to the committee. Thus, the most important aspect of the bill is considered in committee. Finally, I would like to point out that our committee's report, which is part of the

Debates of the Senate of May 31, demonstrates the thoroughness of the work done in committee.

Motion agreed to and bill read second time.

[*English*]

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

Senator Frith: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO EXAMINE IMPACT OF TECHNOLOGICAL CHANGE ON CANADIAN SOCIETY

• (1640)

Hon. M. Lorne Bonnell, pursuant to notice of Thursday, May 31, 1984, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and consider the impact of technological change on the fabric of Canadian society;
>
> That the Committee have power to adjourn from place to place;
>
> That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination; and
>
> That the Committee present its report no later than September 30, 1985.

He said: Honourable senators, I had a one hour speech prepared but I see that the time is limited, so I will not deliver the whole of it. I know that honourable senators have other things to do.

Basically, in order to gain support for this motion, I would like to say that it is not my intention that this study should commence this spring. If the motion is adopted between now and the end of June, I suggest we could make a start on the groundwork with respect to the planning of how to study a motion of this nature in that time.

The introduction of new technologies in Canadian life has given rise to totally new industries and has created employment in fields which did not exist a decade or two ago. New technologies have regenerated old industries and substantially improved productivity in others.

Canadians have benefited from increased access to cultural events, entertainment and information, thanks to the inclusion of new broadcast transmission bands and telephone links by satellites. Children have shown an astonishing facility with computerized instruction programs, many of them designed for Canadian schools.

New diagnostic tools developed through the miracles of solid state electronics and biotechnology are now able to detect and arrest previously elusive medical conditions.

Canadians have been in the forefront of alternative energy technologies as North America has turned away from expensive imported oil.

New processes, such as the recycling of pulp and paper mill wastes and certain hydrometallurgical processes, have important secondary benefits, such as reducing pollution.

There have been tremendous strides made in the regeneration of old industries. Spar Aerospace's Canadarm has brought about many changes in industry. Canadian mines have also adopted new methods of technology.

In the communications field, farmers in rural Manitoba now have access to Telidon weather and news reports, banking, cable television and FM radio. Telephone links via satellite have encouraged the growth of new companies.

In the Northwest Territories the Inuit can now receive broadcasts in their native language. Even direct-to-home broadcasting on the 14/12 gigahertz band transmitted by the Anik C and D satellites is now possible.

In the area of medicine and biotechnology, just today I received a copy of a publication entitled *Spectrum* which describes new tools which have been made available to astronomers in recent years. Masses of data with respect to the universe have been produced. This is something in its beginning stage and still expanding.

New technology is being developed with respect to multiple sclerosis, a disease which is difficult to detect in its early stages. The damage which it does to the nervous system has not been easy to monitor. Studies now point to a defect in the immuno-regulatory system.

I notice as well in the last issue of *Spectrum* an article with respect to sickle-cell anaemia, a genetic disease which has claimed millions of victims in many parts of the world. Preventing and treating this disease is a major problem. A research team has now synthesized a compound which not only promises to inhibit sickling of blood cells but has been shown to make sickled cells revert to a normal shape.

Each day science and technology is advancing. It is difficult to keep up with these advances. Thus, Canadian citizens must be prepared for rapid changes in order to adjust to and benefit from these changes in technology. For that reason, I feel that a committee of the Senate should look into the impact of technological change on Canadian society. In this way we can learn what the changes are and we can advise Canadians how best to take advantage of them in order to cope with the fast changing world ahead of us.

Honourable senators, I ask for your support with respect to this motion.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to ask a question of Senator Bonnell. I have no difficulty in agreeing to the passage of his motion. However, he says that he does not foresee the committee performing any work this summer. Rather, he speaks of next fall. I cannot see Parliament coming back in the fall. There will probably be a new Parliament at the end of the year

at which time this motion will have to be revived. My point is, what can be done immediately that would be really useful?

Senator Bonnell: Honourable senators, my view is that this becomes a major study. There is a great deal of ground work and consulting to be done to find out what is taking place. A critical analysis must be done so that we can follow through with this scheme and be ready to bring this report before the Senate next September.

• (1650)

If an election is called in the meantime, then we may very well end up with more changes than we ever anticipated. However, when we return to the Senate in the fall, I am sure that the majority of the senators who are now with us will still be with us at that time, and if they have agreed to this motion now, I feel sure that they will also agree to it in then. Therefore, I see no reason why we cannot pass this motion at this stage of the session. If, when we return in the fall there is a tremendous change, the motion can be passed again and at that time we will carry on and complete the work.

Senator Flynn: I was thinking of the notice that Senator Bonnell gave us earlier about seeking authority for this committee to inquire into some other matter. I have forgotten the specifics; there are so many things that Senator Bonnell has asked permission for his committee to look into. However, I know that earlier today he gave notice of another reference to his committee. At that time, I thought that perhaps he was piling things up a little.

Senator Bonnell: Honourable senators, I gave notice of a motion, but I am not asking that it be debated this spring or summer. As you will note from the notice, the Committee on Social Affairs, Science and Technology will not be required to report on this particular matter until September of 1985. However, there is also a great deal of ground work necessary. We have a very active committee; we have members on our committee who are champing at the bit, and it is my view that we should give them every encouragement.

Senator Flynn: You have convinced me.

Hon. Stanley Haidasz: Honourable senators, I have just returned from the Legal and Constitutional Affairs Committee, so you will forgive me if the matter on which I am about to speak has been raised. I notice that in the *Debates of the Senate* of Monday, June 4, 1984, there was a notice of a meeting for Thursday of this week of the Committee on Social Affairs, Science and Technology. However, in today's *Minutes of the Proceedings of the Senate*, that notice does not appear. Can the chairman of that committee tell us what transpired or give us an explanation?

Senator Bonnell: Honourable senators, a meeting of the steering committee of the Social Affairs Committee was held yesterday, and the meeting of the full committee scheduled for Thursday, June 7 will not be held, and a notice will go out to that effect.

Senator Frith: Honourable senators, Senator Leblanc has pointed out to me an error in the *Minutes of the Proceedings of the Senate* of Tuesday, June 5, 1984, and I see no reason why it cannot be corrected, in order to ensure that the error is not perpetuated.

On page viii of that edition of the *Minutes of the Proceedings of the Senate*, there is a typographical error in the French version of this motion. In the English version, the last paragraph of the motion states:

> That the Committee present its report no later than September 30, 1985.

En français, c'est 1984. I do not think that there is any great importance to the fact that that typographical error was made, but perhaps we should make sure that it is not perpetuated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 7, 1984

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

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FIRST REPORT OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's twenty-first report approving the supplementary budget of the Special Senate Committee on Youth.

(*For text of report see today's* Minutes of the Proceedings of the Senate.)

PRIVATE BILL

THE WESLEYAN CHURCH OF CANADA—REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, June 7, 1984

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TENTH REPORT

Your committee to which was referred Bill S-15, intituled: "An Act to provide for the creation by amalgamation to the Wesleyan Church of Canada", has, in obedience to the order of reference of Wednesday, May 30, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN NEIMAN
Chairman

THIRD READING

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

Hon. Peter Bosa: 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. Senators: Agreed.

Motion agreed to and bill read third time and passed.

SENATE AND HOUSE OF COMMONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, June 7, 1984

The Standing Senate Committee on Legal and Constitutional Affairs presents it

ELEVENTH REPORT

Your Committee, to which was referred Bill C-241 intituled: "An Act to amend the Senate and House of Commons Act", has, in obedience to its Order of Reference of Tuesday, June 5, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN NEIMAN
Chairman

THIRD READING

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

Hon. C. William Doody: 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. Senators: Agreed.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have three small comments to make. The other day, when the bill was presented, Senator Molson mentioned that the matter was confined to members of the House of Commons and did not apply to the Senate. Senator Molson wondered whether the bill should be amended to include members of the Senate.

I agree this is unnecessary, because Sections 22 and following cover such cases for members of the Senate. However, the objective of this bill is not necessarily being achieved with this amendment. Section 20 is being amended to require, in a

contract involving payment of public money, a clause to the effect that members of the House of Commons may not be a party to the contract or may not benefit from it.

In fact, what we are saying here is that the clause does not have to be included if the contract does not involve payment of public money. I submit this is not enough, because if the member is not supposed to benefit from a certain type of contract, he is not necessarily exempted because we say it is unnecessary to insert this clause.

I feel the amendment should have been drafted with a paragraph amending Section 21 accordingly. This section provides for exceptions, and I quote:

> 21. This Act does not extend to disqualify any person as a member of the House of Commons . . .

The exceptions follow.

The bill could have provided, for instance, that Crown land could be leased to a member provided it was done on the same basis as for any other taxpayer.

It depends how the amendment is interpreted, because, for instance, a member could very well lease Crown land for considerations other than money, and this would then be considered acceptable. That is certainly not the purpose of this bill.

Eventually, the entire Act will have to be revised and the conflict of interest issue reconsidered.

I would like to say, for the record, that I am far from convinced that this amendment will achieve what it sets out to do.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Chairman of the Committee on Legal and Constitutional Affairs, Senator Neiman, told me this afternoon that this question had been discussed in committee and that Senator Flynn arrived towards the end of the discussion because he had been working on another committee.

Because of the views he has expressed here and in committee, the committee itself will have to look at the suggestions and be satisfied with the final result. It is an acceptable, but only temporary, solution.

Motion agreed to and bill read third time and passed.

• (1410)

[*English*]

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(a),

> That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting on Tuesday, June 12, 1984, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

[Senator Flynn.]

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(a):

> That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit while the Senate is sitting at 4 p.m. on Tuesday, June 12, 1984, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, June 12, 1984, at 2 o'clock in the afternoon.

If leave is granted, I shall give an explanation and make some comments about our program for next week.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, last week I suggested that we should sit this week and next week on Monday evening, Tuesday at 2 o'clock, Wednesday at 2 o'clock and Thursday at 2 o'clock. What developed this week is that we sat on Monday at 8 o'clock, Tuesday at 8 o'clock and Wednesday and Thursday at 2 o'clock.

I had proposed to have us come back Monday evening of next week because I was informed by the leader of the house in the other place that it may pass some non-controversial legislation on Friday, as has become their habit. That would mean that we could receive it Monday evening. I discussed the matter with Senator Flynn and we recommend that, rather than coming back Monday evening, we come back Tuesday at 2 o'clock. At that time we could start to deal with any legislation passed in the other place on Friday. If, by any chance, at 5:45 o'clock Tuesday, the House of Commons passes any legislation we want to deal with, we could sit Tuesday night to receive it and start debate on it. I have no indication that this will happen but it is possible. That is the reason we are asking honourable senators to come back Tuesday at 2 o'clock.

As for the balance for the week, as honourable senators know, the other place is adjourning on Thursday at 6 o'clock for reasons of great national import—

Hon. Jacques Flynn (Leader of the Opposition): It could be a national disaster.

Senator Frith: You mean as was the case about a year ago and for similar reasons? Obviously, we will not sit past Thursday. As honourable senators also know, we are having Royal Assent at 4.30 this afternoon if the Appropriation Bill is passed. It is possible that we will have Royal Assent next week as well. I would expect that the moment we are told that there is no more legislation coming from the other place, we will probably consider adjourning, so it is possible we will adjourn on Wednesday or even Tuesday of next week.

So, honourable senators, we will sit next Tuesday at 2 o'clock in the afternoon, possibly Tuesday evening, and Wednesday at 2 o'clock. We might very well adjourn then having had Royal Assent if there is no other legislation expected from the other place.

That is a rather lengthy explanation, honourable senators, but I know how important the details are when making one's plans.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADIAN SPORTS POOL CORPORATION

SALE OF TICKETS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate.

It has been reported in the newpapers of the city of Edmonton—which is located in the province from which the Leader of the Government comes—that the Canada Sports Pool Corporation has decided to give the mandate to sell sports pool tickets to the Post Office.

Would the Leader of the Government confirm or deny that, and if he confirms it, would he tell us why the government is entering into another field of commercial activity?

Hon. H. A. Olson (Leader of the Government): I could engage in the same violation of the rules as is now the case with the Leader of the Opposition. He knows that citation 357(e) of *Beauchesne's* absolutely prohibits him from—

Senator Flynn: You have read that.

Senator Olson: I have read it and I understand it clearly. I will quote it to you in a moment or so if you wish. It says that one must not comment on the validity of press speculation.

I will go further than that and take the question as notice. At this point in time I doubt that the press speculation has any validity, but I shall refer the question to the minister responsible.

Senator Flynn: On the point of order that the Leader of the Government in the Senate has raised, he knows very well that that rule is an interpretation by Beauchesne, and dates back to time immemorial.

I could phrase the question differently and ask whether it is correct that the Canada Sports Pool Corporation has decided—and there will be no reference to the press report—to give the mandate of selling those sports pool tickets to the Post Office.

You are causing a lot of problems for nothing when you try to hide behind that rule, because that does not mean anything now. You can read it if you wish, but I have read it and the difference is that I understand what the rule means.

Senator Olson: Honourable senators, I do not think it takes a great intellect to understand the very simple language that is in this rule, but, because the Leader of the Opposition may want to reflect on his interpretation, I shall read it to him. The particular rule is citation 357(e), and is found in the Fifth Edition of *Beauchesne*. It states:

> A question oral or written must not:

and I underline the words "must not":

> (e) inquire whether statements made in a newspaper are true.

I should never annoy the Leader of the Opposition by raising this, because he knows he is out of order according the rules and practices, but in any event—

Senator Flynn: I have no objection to that. It is about time that we ceased to hear any more about those antiquated rules. They were established in 1867, but this is 1984 and it is about time that that was changed. That type of question would never be ruled out of order in the other place.

Senator Olson: I sat in the other place for many years, and when authority to put a question was based on a newspaper article—and I have been witness to dozens of occasions when the Speaker made such a ruling—they were ruled out of order. So, let us have no misunderstanding about that.

Senator Flynn: The preamble to the question is not based on the newspaper but whether someone has said something which is reported in the press—that is something else.

• (1420)

Senator Olson: That depends on whether or not newspaper reports are true. In any event, I offered to be generous—

Hon. Martial Asselin: In any event, you do not know the answer.

Senator Olson: —with the Leader of the Opposition and take the question as notice. He does not seem to be satisfied with that route. However, I think I will be helpful to him anyway.

GOVERNMENT POLICY

CRITICISM BY CROWN AGENCIES

Hon. John M. Godfrey: Honourable senators, I would like to demonstrate how to ask a question properly. In so doing I will refer to an article by Mavor Moore which appeared in *The*

Globe and Mail this morning. His article deals with Bill C-24 about which he had this to say:

> Bill C-24, framed to enhance the financial accountability of such wayward Crown corporations as de Havilland, by extension catches in its net such cultural agencies as the Canada Council—

As Mr. Moore points out the act explicitly states that:

> The Council is not an agent of Her Majesty, and . . . the members and employees and the director and associate director of the council are not part of the public service of Canada.

Therefore, the Deputy Minister for Culture and Communications, Mr. Robert Rabinovitch, by virtue of his office, has no right to give instructions to anyone on, or in, the Canada Council about anything. Now, here comes the question, and I am just asking if it is true:

> —Robert Rabinovitch, recently telephoned the director of the Canada Council, Timothy Porteous, and instructed him that public criticism of the Government's plan, by himself or the staff or even members of the council's board, would not be tolerated.

Hon. Martial Asselin: That is a written question.

Hon. H. A. Olson (Leader of the Government): The answer is: I do not know.

Hon. Lowell Murray: Then find out.

Hon. Jacques Flynn (Leader of the Opposition): You did not raise any point of order with respect to the question.

Senator Godfrey: I framed it properly.

Senator Flynn: Coming from your side of the house it is always better.

FINANCE

INCREASE IN BANK RATE

Hon. Lowell Murray: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate with respect to another subject. The bad news is that—

Hon. Jacques Flynn (Leader of the Opposition): Has it been reported in the press?

Senator Murray: No; there is nothing speculative about my question. I am speaking of an announcement from an agency of the government itself which contains bad news. The bad news is that the bank rate was increased a few moments ago to 11.77 per cent.

Some Hon. Senators: Shame!

Senator Murray: Honourable senators will recall, as the minister himself should recall, that the bank rate has been on an upward trend since approximately mid-February when the Deputy Leader of the Government, Senator Frith, described this trend as a "temporary mutation". In mid-February when Senator Frith described the trend as such the rate was at approximately 9.5 per cent. A couple of weeks ago it rose to 11.78 per cent and there has been some irregular movement since then. Today it has risen from 11.54 per cent to 11.77 per cent.

I should like to know what the response of the government is to this trend. In particular, does the government expect, as a result of this increase in the ba cnk rate, that market rates will increase, specifically mortgage rates and other interest rates in the private sector? I would also like to know whether or not the government is giving any consideration at all to the effect of this trend on the already limping pace of economic recovery.

Hon. H. A. Olson (Leader of the Government): Honourable senators, we regret that the rate has moved up. However, it has done so in response to market conditions as a result of the movement of funds in the international market. The Government of Canada feels that it ought to accommodate itself to this international market.

My reply to the honourable senator is exactly the same as the reply we have given a number of times in this chamber and is the same as the reply given by the Minister of Finance in the other place when questions of this sort have arisen.

Insofar as the latter part of the honourable senator's question is concerned, that is, whether or not the rate has moved up enough to trigger a change in the prime rate, mortgage rates and so on which usually follow, I am not sure. The increase from 11.54 per cent to 11.77 per cent is a fairly significant change when compared to the increases which have taken place over the last three or four months.

EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. Richard A. Donahoe: Honourable senators, I have a supplementary question. During the past week I had occasion to transfer a sum of money to the United States. In so doing I was obliged to pay the current rate of exchange as well as the bank charges in connection therewith. On that day I was dismayed to read in the newspaper that the Canadian dollar was at its lowest value in history.

My question is based upon the fact that a few years ago when the Canadian dollar was being quoted at a discount in terms of the American dollar, Mr. Diefenbaker attempted to peg the value of the Canadian dollar in relation to the American dollar at 90 cents.

Hon. Jacques Flynn (Leader of the Opposition): At 92.5 cents.

Senator Donahoe: At any rate, it was at 90 cents or more, and was closer to the value of the American dollar. At that time, the party to which my honourable friend belonged felt impelled to issue for the delectation of the voters throughout the country what they called "Diefen-dollars." They printed and circulated those dollars throughout the country to indicate that the country was going to hell because Mr. Diefenbaker was in power and the dollar was losing its value.

Hon. Royce Frith (Deputy Leader of the Government): So far they were right.

Senator Donahoe: The value of the dollar on the day I transacted my business was roughly 77 cents American. My question to the Leader of the Government is whether there is any relationship between the rate of interest that has been quoted by my honourable friend and the decline of the dollar of which I was so disastrously a victim?

Senator Olson: Honourable senators, I do not want to comment on what Senator Donahoe has described as being disastrously a victim. That is not my concern, although—

Senator Flynn: In those days you were a Social Crediter.

Hon. Martial Asselin: You did not belong to the same party then.

Senator Flynn: You were willing to print money as fast as you could.

Senator Olson: Anyone who has any knowledge of the financial situation knows that there is a relationship between the value of the dollar and the relative interest rates in Canada and in the United States.

Senator Donahoe: My supplementary question is: What are you doing about it?

Senator Asselin: Nothing!

Senator Olson: The marketplace is establishing these rates, and if it is the position of honourable senators opposite that they want to impose controls, then they should state that and not play around the periphery, claiming that they can do it without all the mandatory controls that go with it.

Senator Donahoe: I have a further supplementary question. I will not divulge the source of my knowledge, but about a week ago I was informed that the Canadian government spent the sum of $371 million from its reserves to support the sagging Canadian dollar. My question is: Do you propose to continue that course of action, and, if so, how much money do you have to continue it with?

Senator Olson: Honourable senators, that is a decision that is made by the Governor of the Bank of Canada.

Hon. Lowell Murray: Honourable senators, I believe that in the past three months the bank has spent close to a billion dollars to defend the Canadian dollar, and it replenished its reserves last month by drawing on a standby line of credit. I should like to know whether the government or the bank is prepared to draw further on their standby credits to defend the dollar, which has been reaching unprecedented lows, or whether they intend to let the dollar find its own level.

● (1430)

Senator Olson: If I understand the question correctly, the honourable senator has asked whether the government intends to allow the marketplace to function in order to let the dollar find its level. Yes, that has been the position of the government. From time to time, as has been explained, the Bank of Canada intervenes to take off some of the pressure caused by the wider speculation that may have an influence on that level. It is not the position of the government, however, and I believe it is true to say the same for the Bank of Canada, to interfere unduly with the level at which the market will adjust the relative value of its currencies.

It should also be noted that, while the Canadian dollar declined by .6 per cent against the U. S. dollar in May—that figure reflects all of the changes that took place in the entire month—it rose 1.9 per cent against a weighted average of all other major overseas currencies. Therefore, while the Canadian dollar is down in relation to the American dollar, it is in a strong position and has strengthened during May in relation to all other currencies.

Senator Murray: With regard to the last point raised by the Leader of the Government, it is really a piece of irrelevant nonsense—

An Hon. Senator: Hear, hear.

Senator Murray: —to assert that the Canadian dollar is showing some strength when it has been declining steadily against the currencies of our two most important trading partners, the United States and Japan. The minister says that the dollar is gaining against the guilder or the French franc, currencies of countries with whom we have perhaps 2 per cent of our trade. That may be important for people who spend their vacations in France—as, perhaps, a great many of my honourable friend's colleagues will be doing next week—but it is not of much consequence to the economy at all.

The fact of the matter is that the Canadian dollar has been steadily losing ground against the currencies of our two most important trading partners, the United States and Japan. I notice that the minister is shaking his head, indicating "no." I say that he is wrong.

To come back to the main point, I do not know how the minister can say with a straight face that the government and the Bank of Canada are allowing the market forces to operate when, in the last three months, the bank has spent $1 billion of its reserves to defend the dollar and has just called on some standby credits. More than that, we are getting into a vicious circle here because the reasons that are cited today in the financial markets for the further decline in the dollar are, first, that Canada's balance of payments has shifted into a deficit position again, and secondly, that the news came out within the last little while that $300 million was spent in May to defend the dollar. The dollar has therefore taken another decline on the basis of that kind of news.

I simply ask the minister this question: What is the intention of the government with regard to this matter? Is it prepared to draw further on standby credits? How far is it prepared to go to defend the dollar? I do not ask him to give an answer which everybody knows is sheer fiction—the fiction that the government is allowing the market forces to operate.

Senator Olson: Honourable senators, that is Senator Murray's opinion—

Senator Donahoe: And it is the truth!

Senator Olson: —or fabricated opinion, whichever one prefers, because the statement I made a few minutes ago is the

fact with respect to this matter. Senator Murray must know that it is well for those who speculate in currencies to realize that, from time to time, the Bank of Canada—as, indeed, the central bank of any other country—will come to the defence of its currency when there is an unusual or an unjustified movement. That is what the Bank of Canada has been doing.

ENERGY

SASKATCHEWAN—HEAVY OIL PROJECT

Hon. Peter Bosa: Honourable senators, I have a less controversial question to put to the Leader of the Government in the Senate. It is designed to build confidence in the Canadian economy. I refer to the mega-project proposed for the upgrading of heavy oil in Saskatchewan, which project was announced yesterday by the Minister of Energy, Jean Chrétien. Is this one of the projects involved in the announcement made by the leader some months ago?

Hon. H. A. Olson (Leader of the Government): Honourable senators, if I remember correctly, some months ago a question was posed as to whether mega-projects were all antiquated or dead. The answer I gave was, no, they were not dead and that a number of them were under active consideration.

Hon. Jacques Flynn (Leader of the Opposition): Resurrected for the election.

Senator Olson: No, I said a number were being actively pursued, albeit on a smaller scale.

In reply to Senator Bosa's question, I would point out that this is the fifth one of which it has been positively announced that it will go forward.

Senator Flynn: And not the last.

Senator Olson: No, there are several more.

Hon. Martial Asselin: When will the next one be announced? Before the election?

Senator Olson: We will do this as rapidly as we can come to an agreement.

Senator Flynn: What is his answer?

Senator Asselin: Ask Mr. Turner; he will tell you.

Senator Olson: A number of additional projects in the oil upgrading field, of a smaller scale than was first anticipated, are actively being pursued. We will make announcements on them as soon as possible.

AIR CANADA

RUMOURED PRIVATIZATION

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government whether he can confirm or deny the rumours in the financial world that, in view of the recent announcement of the deregulation of the air industry in Canada, Air Canada will be privatized.

[Senator Olson.]

Hon. H. A. Olson (Leader of the Government): I have seen some of this speculation.

Hon. Jacques Flynn (Leader of the Opposition): Where? Did you see it in the press?

Senator Olson: I have not heard it directly from anyone who has responsibility for leading or promoting any action such as that.

Senator Haidasz: As a supplementary question, can the Leader of the Government in the Senate tell us the reasons for and the meaning of the change involving the two men in the top positions of Air Canada?

Senator Olson: Honourable senators, I am afraid I do not understand what my friend means by "the reasons for and the meaning of the change." I do not think that such information is normally given to explain any action that is taken when changes are made to personnel in leading positions.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF CHAIRMAN

Hon. Lowell Murray: Perhaps the minister could speak about another crown corporation and explain the appointment of the new chairman of the Canadian National Railways and her qualifications for that post.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I believe a press release was issued at the time of the appointment, which I am sure arrived on Senator Murray's desk.

Hon. Martial Asselin: Senator Murray was obviously not convinced by the press release.

Senator Olson: This falls into the same category as the answer I gave a moment ago.

Hon. Royce Frith (Deputy Leader of the Government): I don't think he will be convinced by many more of them either.

Senator Flynn: I suppose we cannot comment on the press release.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—APPOINTMENT AND VACANCIES

Hon. Robert Muir: Honourable senators, I should like to ask the Leader of the Government in the Senate if, after these many months, he is now in a position to advise how soon all the positions on the board of directors of the Cape Breton Development Corporation will be filled.

I was very pleased to see that they have obtained a new chairman. This is a very good appointment.

Has the Leader of the Government any idea when the remainder of the positions on the board of directors will be filled and, if not, would he find out?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take that question as notice and renew my request to see if an answer can be obtained.

CANADA-UNITED STATES RELATIONS

KAHO'OLAWE ISLAND—CANADIAN PARTICIPATION IN ARMAMENT TESTING

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Macquarrie yesterday concerning the position of the government on the Canadian participation in the shelling of the Hawaiian Island of Kaho'olawe 'Ohana during joint exercises with the United States, Australia, New Zealand and Japan, known as RIMPAC.

Honourable senators, some of the countries participating in RIMPAC do not engage in the shelling of Kaho'olawe 'Ohana because their role in the exercise does not call for it. Canadian forces find it a valuable and a unique opportunity to practise a combined assault utilizing artillery cover. Principally inert ordnance will be used.

The Government of Canada considers the use of Kaho'olawe 'Ohana by the U. S. Navy for its own or joint exercise and training to be an issue of U.S.A. domestic concern.

The Government of Canada is also cognizant of the Federal District Court rulings of 1977 and 1980 recognizing U.S. Navy responsibility for the island subject to environmental and cultural safeguards with which the U.S. Navy has complied.

The Office of the Prime Minister and the Departments of External Affairs and National Defence have received representations from the "Protect Kaho'olawe 'Ohana" group and have met with the representatives of that organization during their recent visit to Canada.

Government officials are currently reviewing that information and will make recommendations at the appropriate time.

• (1440)

I did not have an answer yesterday to the latter part of the question, but I am sure that Senator Macquarrie will recognize that the first part of the answer is essentially in accordance with what I said in reply yesterday.

Hon. Heath Macquarrie: I liked the last part better.

Senator Olson: It was extremely informative.

[*Translation*]

APPROPRIATION BILL NO. 2, 1984-85

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-45, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1985.

Motion agreed to and bill read third time and passed, on division.

[*English*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
Government House

7 June 1984

Sir,

I have the honour to inform you that the Right Honourable Brian Dickson, Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 7th day of June, 1984, at 4.30 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Brian Dickson, Chief Justice of Canada, 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 Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Right Honourable Robert George Brian Dickson, Chief Justice of Canada, her Deputy, to do in Her Excellency's name all acts on his part necessary to be done during Her Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Right Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Prairie Grain Advance Payments Act (*Bill C-23 Chapter No. 7*)

An Act to amend the Coastal Fisheries Protection Act (*Bill C-4 Chapter No. 8*)

An Act to amend the Currency and Exchange Act (*Bill C-11 Chapter No. 9*)

An Act to amend the Yukon Quartz Mining Act (*Bill C-44, Chapter No. 10*)

An Act to implement a treaty between Canada and the United States relating to the Skagit River and Ross Lake, and the Seven Mile Reservoir on the Pend d'Oreille River (*Bill C-41, Chapter No. 11*)

An Act to establish the Asia-Pacific Foundation of Canada (*Bill C-42 Chapter No. 12*)

An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 (*Bill C-12 Chapter No. 13*)

An Act to change the name of the electoral district of Hull (*Bill C-205 Chapter No. 14*)

An Act to amend the Senate and House of Commons Act (*Bill C-241 Chapter No. 15*)

The Honourable Lloyd Francis, Speaker of the House of Commons, then addressed the Right 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 bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1985 (Bill C-45 Chapter No. 16)

To which bill I humbly request Your Honour's assent.

The Right Honourable the Deputy Governor General was pleased to give Royal Assent to the said bill.

The House of Commons withdrew.

The Right Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

COMMISSIONER OF OFFICIAL LANGUAGES

MOTION FOR THE APPOINTMENT OF MR. D'IBERVILLE FORTIER—DEBATE ADJOURNED

Leave having been given to revert to Motions:

Hon. William J. Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

That, in accordance with section 19 of *An Act respecting the status of the official languages of Canada,* Chapter 0-2, Revised Statutes of Canada, 1970, this House approves the appointment of D'Iberville Fortier, Esquire, as Commissioner of Official Languages of Canada.

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

Hon. Senators: Agreed.

On motion of Senator Murray, debate adjourned.

The Senate adjourned until Tuesday, June 12, 1984 at 2 p.m.

THE SENATE

Tuesday, June 12, 1984

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

Prayers.

CREE-NASKAPI (OF QUEBEC) 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 certain provisions of the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement relating principally to Cree and Naskapi local government and to the land regime governing Category 1A and Category 1A-N land.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

WAR VETERANS ALLOWANCE ACT 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-39, to amend the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act and certain other Acts in relation thereto.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

CUSTOMS AND EXCISE OFFSHORE APPLICATION BILL

REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 12, 1984

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SEVENTH REPORT

Your Committee to which was referred Bill C-16, intituled: "An Act to apply the customs and excise jurisdiction of Canada to the continental shelf of Canada and to amend certain Acts in relation thereto or in consequence thereof", has, in obedience to the Order of Reference of Thursday, May 31, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW,
Chairman.

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

Hon. Royce Frith (Deputy Leader of the Government), for Hon. Earl A. Hastings, moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

MISCELLANEOUS STATUTE LAW AMENDMENT PROPOSALS

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE PRESENTED

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Tuesday, June 12, 1984

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWELFTH REPORT

Your Committee to which was referred the document intituled: "Proposals to correct certain anomalies, inconsistencies, archaisms and errors and to deal with other matters of a non-controversial and uncomplicated nature in the Statutes of Canada", has, in obedience to the order of reference of Tuesday, March 27, 1984, examined the

said document and now reports it with the following amendments:

Proposed Clause 14:

Delete proposed sub-clauses 14(2) and (3).

Proposed Clause 18:

Delete the word "or" in line 12 on page 15; strike out the words "shareholder thereof." in line 19 and replace them with the words "shareholder thereof; or"; and add the following as paragraph (e):

"(e) a corporation, without share capital, having as its primary object the furtherance of any national, patriotic, philanthropic, medical, educational, scientific, artistic, social, fraternal, sporting or athletic purpose, no part of the income of which is payable to or otherwise available for the personal gain or benefit of any proprietor, member or shareholder thereof."

Proposed Clause 26:

Renumber sub-clauses 26(1) and (2) on page 21 as paragraphs (3) and (4) respectively, and add the following as new sub-clauses 26(1) and 26(2) respectively:

(1) Subsection 4(2) of the Canada Evidence Act is repealed and the following substituted therefor:

"(2) The wife or husband of a person charged with an offence against subsection 50(1) of the Young Offenders Act or with an offence against any of sections 146, 150 to 155, 157, 166 to 169, 175, 195, 197, 200, 246.1, 246.2, 246.3, 249 to 250.2, 255 to 258 or 289 of the Criminal Code, or an attempt to commit any such offence, is a competent and compellable witness for the prosecution without the consent of the person charged."

(2) Subsection (1) is deemed to have come into force on April 2, 1984.

Proposed Clauses 57 and 70:

Proposed clauses 57 and 70 should be amended in accordance with the undertaking given by the Chief Legislative Counsel of the Department of Justice to the Committee on May 24, 1984.

Respectfully submitted,

JOAN NEIMAN
Chairman

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

Senator Neiman moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[Senator Neiman.]

QUESTION PERIOD

[*Translation*]

EMPLOYMENT AND IMMIGRATION

YOUTH UNEMPLOYMENT—JOB CREATION PROGRAMS

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government in the Senate. For some time there has been unrest among youth, both in Quebec and across Canada, because young people want to work and cannot find jobs. The Minister of State responsible for Youth has revealed that at least 800,000 young people are looking for jobs, either to earn a living or to earn the money they need to continue their education.

It seems that the government has earmarked substantial funding for projects that are to be carried out within the next few months.

To help these 800,000 young people who need jobs and who need an income, could the government perhaps implement these projects right away instead of waiting until election time?

[*English*]

● (1410)

Hon. H. A. Olson (Leader of the Government): The fact of the matter is that the government and its ministers responsible for the various programs and, indeed, the various regions, are not withholding funds for purposes described by Senator Asselin. In fact, for many of the programs as much as 90 to 95 per cent of the funds for the whole fiscal year—of which only three of the twelve months have past—have been committed already, though they may not have been spent. Therefore, the basis on which the question was put is not valid. I am not sure what that does to the question. I suppose that it makes it invalid, too. In any event, we know that these programs are not capable of totally relieving the situation because it is always sad when there are people who wish to work and are unable to find jobs.

[*Translation*]

Senator Asselin: I have a supplementary. Of course my honourable friend will never admit these funds will be released as soon as an election campaign is announced. We in the opposition are keeping a close watch on the situation and will certainly try to remind the Honourable Leader of the Government when the announcements are made. The fact remains that the government established a Ministry of State for Youth, which was a splendid thing for young Canadians.

In the Senate, it was decided to set up a Special Committee on Youth. I would like to know what projects the Minister of State for Youth, Mrs. Hervieux-Payette, is preparing or is going to announce for young Canadians?

I would also like to know whether the chairman of the Special Committee on Youth could inform us if his agenda is ready and if there are any major programs to help young people.

The chairman of the committee has told us that the problems of our young people are very serious. To provide our young people with some glimmer of hope, could the Chairman of the Special Committee on Youth inform us—after the statement I am expecting from the Leader of the Government—what projects the Minister of State for Youth has to offer our Canadian young people?

[*English*]

Senator Olson: It is impossible to give an answer to what it is that is going to be unblocked when nothing has been blocked.

Senator Asselin: Why don't you just say that you have nothing to say?

Senator Olson: Your question is based on a wrong premise and the preamble to your question is inaccurate.

Senator Asselin: That is the formula you always use to avoid giving an answer.

Senator Olson: I am not trying to avoid answering your question. The honourable senator could enlighten himself considerably on a number of the programs if he were to read yesterday's House of Commons *Hansard*, wherein he will find that the Prime Minister, upon being asked essentially the same question, went over a number of programs indicating the amount—

Hon. Jacques Flynn (Leader of the Opposition): Why don't you do so yourself?

Senator Olson: I can repeat the answer here, if you like, but the House of Commons *Hansard* would have arrived at my honourable friend's mailbox or office earlier today. Of course, if he chooses not to read the answers made available to him, then I guess he is really more interested in asking a question than in getting an answer.

[*Translation*]

Senator Asselin: I note that the Leader of the Government is unable to answer my questions and that the government has no immediate plans to help Canadian youth.

[*English*]

Senator Olson: No, the truth is the minister gave him a very direct and accurate answer to his question.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I would like to thank Senator Asselin for having made some very apt comments, which were, in fact, very similar to the ones I made myself in support of establishing a Special Senate Committee.

Senator Asselin realizes that our young people have a very serious problem and that we must all—

Senator Asselin: On a point of order. I have never denied the merits of this objective but I objected to the formula you wanted to use to find solutions to the youth problem.

Senator Hébert: I never said anything about denying. I said you were putting forward fresh arguments to support this objective, and that I was grateful to you for doing so.

I do not quite understand your question. I do not see how, after only a few weeks, a Special Senate Committee on Youth could offer a solution. I would like to inform Senator Asselin—although his colleague Senator Yuzyk could have done so as well—that we have already made considerable progress. We have had three committee meetings within the last few weeks, and last Saturday an ad was published in 155 Canadian newspapers, inviting Canadians to submit briefs.

We have already received dozens of telephone calls from interested parties. However, we have not yet reached the stage where we can propose solutions, and I am sure Senator Asselin will understand.

[*English*]

Senator Flynn: Honourable senators, I should like to ask the Leader of the Government if in future he will refuse to reply to any questions which have already been put in the other place and answered there. Is that the position he now takes?

Senator Olson: Honourable senators, he does not take that position at all. I would be very happy to get out the *Hansard* of the other place—

Senator Flynn: No, no.

Senator Olson: —and reply to the question which was asked.

Senator Asselin: Answer it yourself.

Senator Olson: It has been drawn to my attention that reading long passages out of the House of Commons *Hansard* is not a good practice to follow in this chamber. It is a practice which has been objected to many times, which is why it is one I do not follow. The Leader of the Opposition can surely understand that.

If I were to refer essentially the same question to the ministers responsible then they would very likely give the same answer as the Prime Minister would give in the other place. That is a practice consistent with what we have displayed in this chamber for a long time. The honourable senator objects to my reading answers out of *Hansard* of the other place. However, if I were to wait a couple of days, give an undertaking that I would refer the question, then he would be likely to receive exactly the same answer which was given anyway.

Senator Flynn: Honourable senators, I have never made the type of objection which the Leader of the Government raises. He thinks he understands *Beauchesne;* however, I have told him on previous occasions that he does not. I would not make a silly objection such as the one he has suggested.

Senator Olson: I did not say that he would; although I do not think the objection was silly. If it will satisfy the Leader of the Opposition I will reply to the question by repeating the answer as reported in the House of Commons *Hansard*.

Senator Asselin: Give your own answer. Do you have one?

Senator Olson: I suppose the question is whether he would like it now or not. On page 4526—

Senator Asselin: I can read that answer myself. I want to have your own answer.

Senator Olson: No, you do not want my answer.

Senator Asselin: Yes, I want your answer. You do not have one.

Senator Olson: If I were to give my own answer you would say, "You are speaking for the government; we want to know what the position of the government is." It seems to me that when the Right Honourable the Prime Minister gives an answer which is printed in *Hansard* then that should be adequate. The honourable senator is being very inconsistent with respect to what he has asked in the past. If honourable senators opposite want the answer to be read then I will read it.

Senator Asselin: That is the way you answer a question when you do not know the answer.

FOREIGN AFFAIRS

POSSIBLE VISIT OF MR. CHEDLI KLIBI, SECRETARY-GENERAL OF THE ARAB LEAGUE

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government and I shall try and keep *Beauchesne* out of it. It is based upon a most impeccable premise, a communiqué from the Department of External Affairs. The communiqué, however, is a bit late and I do not know whether that is to be charged to the mailing practices of the Department of External Affairs or to Canada Post. This is an expression I use, which indicates that you change a name faster than you can change a practice.

● (1420)

Not long ago, one of our three foreign ministers, the Honourable Jean-Luc Pepin, the Minister of External Relations, was in Tunisia where he is well-regarded—and in my judgment, deservedly. During that visit he had conversations with Mr. Chedli Klibi, the Secretary-General of the Arab League, in which they discussed important world matters. I am prompted to ask the minister if, since that meeting, there has been any indication as to when the Secretary-General will be invited to Canada for a formal visit, a visit which has been discussed for a good many months.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not know whether or not an invitation has been extended. However, there has been an indication that an invitation would be extended to Mr. Klibi to visit Canada, and I will make inquiries to find out whether or not anything more has been decided on that visit.

CANADIAN SPORTS POOL CORPORATION

SALE OF TICKETS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer which is in response to a question asked by Senator Flynn on June 7, 1984, concerning a mandate given by the Canada Sports Pool Corporation to Canada Post to sell sports pool tickets. The answer is that negotiations have been going on for some time between the Sports Pool Corporation and Canada Post concerning the sale of sports pool tickets.

Canada Post has agreed to use the province of Alberta as a test area for the selling of sports pool tickets since that province will benefit the most from the sale of the tickets. If this trial is successful, then the Sports Pool Corporation hopes to be able to expand ticket sales to other provinces through Canada Post.

BRITISH COLUMBIA

NORTHEAST COAL DEVELOPMENT—GOVERNMENT ASSISTANCE

Hon. H. A. Olson (Leader of the Government): The second delayed answer is in reply to a question by Senator Muir on April 17, 1984 with respect to government assistance to the Northeast British Columbia Coal project. First of all, it is a very long answer and I would like permission for that answer to be taken as read. I must explain that it is a supplementary answer to the answer I gave a few days ago, and at that time there was an indication that there would be a supplementary answer filling in more detail.

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

Hon. Senators: Agreed.

(*The answer follows:*)

In response to the Honourable Robert Muir's question as to how much public money has been expended to assist the Northeast B.C. Coal project both directly and indirectly insofar as roads, railways and ports are concerned, the following summarizes the federal government contributions.

—Ridley Island Coal Terminal. The federal government gave Ports Canada $50 million to develop the port infrastructure and $23 million as Ports Canada's share of the equity in Ridley Terminals Inc., a joint venture with Federal Commerce and Navigation to build and operate the coal handling facility. To facilitate the building of the coal handling facilities the government agreed to guarantee loans of up to $205 million to RTI. The federal government share of the cost of an access road to Ridley Island will be $4.8 million.

—CN Rail Upgrading. While the government will make no direct contribution to the upgrading of CN's north line, the Crown Corporation has spent about $250 million to date on improvements and equipment required for the shipment of coal, and has scheduled another $112 million to be spent in 1984.

—British Columbia Railway. The government (with grants of $2.5, $2.0 and $0.5 million from Energy, Mines and Resources, Transport Canada and Department of Regional Industrial Expansion, respectively, for the design, engineering and con-

struction of a prototype electronic locomotive) assisted in the electrification of BCR's Anzac line into the northeast development.

With regard to the senator's supplementary question relating to employment, foreign exchange earnings and contract guarantees, the following is the relevant information.

—Employment. Total construction employment rose from 1400 in 1981 to a peak of 6855 in 1983. Translated into person-years of construction employment, total employment for the Northeast B.C. Coal Developments will be 13,090 by the time everything is completed in 1985. Direct operating employment will be 2230, comprising 95 at Ridley Terminals, 95 and 50 new jobs respectively at Canadian National Railways and British Columbia Railways, 490 at the Bullmoose Mine, and 1500 at Quintette.

—Foreign Exchange. When the mines are in full production, shipping 6.6 million tonnes to Japan, foreign exchange earnings are expected to be in the order of $600 million per year.

—Guarantees Regarding Minimum Quantities and Price. The government has no guarantees from the Japanese concerning minimum quantities and price. Shipments are governed by commercial contracts between private sector companies. We have, however, every expectation that the Japanese will honour their contracts, as this is clearly in their long-term interest, both in terms of secure coal supplies and in terms of protecting the quite significant investment in equity and lending that they have in this project.

CREE-NASKAPI (OF QUEBEC) BILL

SECOND READING—DEBATE ADJOURNED

Hon. Charlie Watt moved second reading of Bill C-46, respecting certain provisions of the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement relating principally to Cree and Naskapi local government and to the land regime governing Category 1A and Category 1A-N land.

He said: Honourable senators, it is with pleasure and anticipation that I speak to you today concerning the Cree-Naskapi bill. It is a unique occasion, for this legislation provides authority and responsibility to the Cree and Naskapi Indians of Quebec to determine their own forms of local government.

The assumption of these new powers is a fundamental change from the Indian Act, which has governed the Cree and Naskapi Indians for more than 100 years. My pleasure comes first from seeing the culmination of many years of dialogue and discussions held by those representing Canada and representatives of the Cree and Naskapi. These discussions and negotiations did not always go smoothly, but there were always specific goals to be reached. Everyone concerned made every effort to try a little harder, and to achieve the levels of understanding required to reach agreement.

The Cree-Naskapi bill was the result of this agreement. Much credit is due to all those who contributed to its production.

What does the bill entail? First of all, it is an extensive and comprehensive piece of legislation giving to the Cree and Naskapi of Quebec a great degree of independence and local control over their own lives and manner of living. The Cree and Naskapi, beneficiaries of the first modern land claims pacts—the James Bay and Northern Quebec Agreements of 1975 and the Northeastern Quebec Agreement of 1978—very wisely insisted that legislation should be enacted to give them self-government. The bill I speak about today, therefore, flows from those agreements. Furthermore, the legislation now before us is consistent with the recommendations of the all-party parliamentary committee on Indian self-government in Canada as outlined in the committee's report released in November of 1983.

The special committee stated in that report that the Cree-Naskapi bill represents the aspirations of the two groups for self-government and should be proceeded with immediately. However, honourable senators, I must stress that this legislation is in no way a model for other self-government legislation; other Indian nations will be free to adopt any appropriate elements they choose. Although the legislation is not a model, it most certainly could become a bellwether in the future as the government continues with its new approaches and initiatives in the resolution of native issues. It is part of the commitment by the government to the revitalization of its relationship with the people. It is a positive indicator that this special relationship has been strengthened.

Honourable senators, I would, for a moment or two, like to outline some of the pertinent parts of Bill C-46. First of all, it affects approximately 8,500 Cree of Northern Quebec and 500 Naskapi of Schefferville. It will free them from the highly restrictive Indian Act. At the same time, it will change the role of the Minister of Indian Affairs and Northern Development in the day-to-day affairs of these people.

Under the Indian Act, the Minister of Indian Affairs and Northern Development and the Governor in Council have direct control in such areas as the management and administration of Indian lands, Indian funds, band councils, personal property transactions, health, education and business.

Under the bill now before the chamber, the federal role will be substantially changed and reduced. In some cases there will be total Indian control of management and administration of Indian lands, money and band membership. The Indian Act will no longer apply to the Cree-Naskapi lands and they will be able to govern their land in the way they consider best for themselves.

A most interesting point is that the old Indian Act membership criteria as a basis for establishing political participation in Cree and Naskapi government will not apply. Membership will be granted under a provision proposed by the Cree and Nas-

kapi, under the comprehensive agreements to which I alluded earlier.

Honourable senators, proper functioning of this act requires appropriate funding. I am pleased to state that provisions for proper accounting procedures have been incorporated in the bill and these procedures must be followed and adhered to by each Indian government. The bill also details the provisions for accountability of band governments to their membership. Thus, there will no longer be extensive control by the Department of Indian Affairs and Northern Development over Cree and Naskapi funds.

This bill shows that the Government of Canada is giving concerted, spirited and dynamic consideration to the resolution of outstanding Indian issues. In a democratic way, as shown by the negotiations and discussions leading to the framing of the legislation, the government is supporting the integrity of the consensus-building process.

• (1430)

As I stated earlier, not only do I speak to this matter with pleasure but also with anticipation. That anticipation stems from the fact that we are taking part in a unique event. History is being made and we are part of it. Perhaps in the process of making history, we are returning to our native people their heritage of self-government.

I should like to read two quotations taken from the report of the Special Committee on Indian Self-government in Canada. The first is an excerpt from the opening statement made by the Right Honourable the Prime Minister at the 1983 First Ministers' Conference on aboriginal constitutional matters when he said, in part:

> Clearly our aboriginal peoples each occupied a special place in history. To my way of thinking, this entitles them to special recognition in the Constitution and to their own place in Canadian society, distinct from each other and distinct from other groups, who together with them comprise the Canadian citizenry.

The committee endorsed the Prime Minister's remarks and then reported:

> The committee further believes that special and distinct recognition can best be manifested by Indian First Nation governments having a unique place in the Canadian political system and the Constitution.

The Cree-Naskapi bill is part of that new relationship.

Literally years of hard and diligent work, the hopes and aspirations of the Cree and the Naskapi, a new era of financial, institutional and legislative relationships between the Indian people and the federal government are all a part of this bill. I firmly believe it deserves the support of all honourable senators and should be given prompt consideration.

Honourable senators, with regard to Bill C-46, the Cree, Naskapi and the Inuit have worked hard over the years. This bill represents one area that was not dealt with in 1975 when we finally wound up our negotiations with the Government of Quebec and the other provinces. This bill is directly related to an area that could change the Indian Act. At the time, the Indian Act was not an issue for amendment during the negotiations. Therefore, it was a matter that was not dealt with. Billy Diamond and I have worked side by side in trying to come up with a comprehensive agreement that all people will be able to live up to, including the Government of Canada and the governments of the various provinces.

I should like to stress that it is important when you pass this bill that the Government of Canada will live up to its obligations in this legislation. The financial obligations of the Province of Quebec and the government has been troublesome to us over the years, but we hope that this legislation will make it easier for the Crees and the Naskapi to be in agreement with the Government of Canada regarding their financial needs.

Honourable senators, the reason I have put forward a motion to set up a committee is that I feel that, from time to time, areas should be reviewed and studied by a committee such as the one I have proposed. I would also recommend that perhaps once every two years we review some of these comprehensive land claim settlements. The committee should also study and determine how we can arrive at acceptable solutions.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Martial Asselin: Honourable senators, our party had the opportunity in 1975 to work with my honourable friend Senator Watt in connection with the James Bay agreement.

[*English*]

After my discussions with Senator Watt, I was somewhat surprised to see him entering this chamber and being sworn in as a Liberal since I felt at the time of our discussions he was a real Conservative. When I asked him about this, after he had been sworn, he told me, "Senator, when we discussed the James Bay agreement with your party, I did not raise my flag then." I am somewhat surprised that I considered him to be a Conservative at that time.

I have no doubt, honourable senators, that the Senate will carefully study the bill before us. I move the adjournment of the debate.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before the adjournment is moved, I should like to put some questions to Senator Watt. As sponsor of the bill does he wish the bill to be referred to a committee, namely, the Standing Senate Committee on Legal and Constitutional Affairs, which is the committee that studied the James Bay agreement some years ago?

Senator Watt: As honourable senators are aware, we are under some time constraints. I should like to see this legislation passed as quickly as possible, and therefore I would not suggest that it be referred to the Legal and Constitutional Affairs Committee. As a matter of fact, I should like to have third reading take place today, if possible.

Senator Asselin: Today?

Senator Flynn: Does Senator Watt know if any group or band has raised any objection to this bill? He will remember

that when we considered and studied the James Bay Agreement bill, as drafted, some groups or bands were affected by it.

I have read the bill very quickly since it is quite an extensive document. It is difficult to be able to assess whether any third party is affected by this bill except, perhaps, where there is mention of the right of access to the lands that are to be under the authority of the bands. Does Senator Watt know of any group or band which may be affected by this bill?

Senator Watt: Honourable senators, to my knowledge no groups or bands are affected by this bill. As I mentioned in my speech, this bill deals with matters which were left over from the signing of the James Bay Agreement in 1975. Therefore, this bill is directly related to Category IA lands and in no way affects other groups. As far as I am aware, there is no other group that is opposed to the legislation.

• (1440)

Hon. Royce Frith (Deputy Leader of the Government): Does the honourable senator mean to say that there is no group other than the Cree or the Naskapi, who we know support it, that opposes the legislation?

Senator Watt: Keeping in mind that the Cree and the Naskapi support the bill, as far as I am aware there are no dissenting groups. All are in favour of this bill. They have worked hard for it and they would like it to receive third reading and to be passed today.

Senator Flynn: Honourable senators, I hope this will be my last question—I say "I hope" because, on previous occasions when someone has said that, the question was only the first of a series of many.

My question concerns the authority left in the Province of Quebec over this legislation and over the territory concerned. Because I see many references to the laws of Quebec in this bill, I wonder whether it has received the approval, in one form or another, of, let us say, the Quebec government or legislature.

Senator Watt: Honourable senators, during past negotiations with the Government of Quebec and the Government of Canada—and I can speak with confidence because I was directly involved in them—the Government of Quebec approved not only the notion but the letters patent and records pertaining to Category 1A land, which would be considered as reserve land under the federal Crown, which land would therefore be the responsibility of the Government of Canada. During the signing of the James Bay Agreement, the Government of Quebec had already given its blessing to it.

Senator Flynn: Thank you.

Senator Asselin: Honourable senators, I should like to adjourn the debate but, in doing so, I am not committing myself to the idea that this bill should not go to the appropriate committee of the Senate. It might be desirable to send it to committee in order to hear the views of the officials of the department.

On motion of Senator Asselin, debate adjourned.

WAR VETERANS ALLOWANCE ACT
CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John M. Godfrey moved the second reading of Bill C-39, to amend the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act and certain other Acts in relation thereto.

He said: Honourable senators, it is my pleasure to present these amendments to the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act. The Senate has always been a guardian of veterans' rights and I am sure this chamber will support legislation providing aid and comfort to veterans and their families both now and far into the future. Strictly speaking, these amendments deal exclusively with war veterans and civilian war allowances, but they also contain the key by which the Department of Veterans Affairs will be able to expand greatly its most important new initiative of recent years—the aging veterans program.

The purposes of this program have been widely praised by honourable senators on both sides of the Senate. It has been so successful in its first three years that they and others have urged the government to extend its services to more veterans. The government agrees with this view and this is why it is proposing to enlarge dramatically the aging veterans program. This legislation is the means to this satisfactory end.

Honourable senators, with your indulgence, I will deal with the future of the aging veterans program later in my speech, but I can say now that approval of the amendments allowing the harmonization of the War Veterans Allowance program and the Old Age Security and Guaranteed Income Supplement programs will provide the human resources needed to propel the aging veterans program forward with the maximum efficiency.

First, however, I am happy to tell honourable senators that this legislation will also bring immediate financial help directly to over 50,000 allowance recipients. Proposed benefit increases will lift recipients under the age of 65 to the same federal government support plateau as their older colleagues. Honourable senators will know that for the past few years, allowance recipients old enough to qualify for Old Age Security, the Guaranteed Income Supplement and an allowance "top up" have been receiving more in total federal benefits than those under age 65. This was not in keeping with the long-standing spirit behind the allowance program. In 1980, therefore, Parliament acted to eliminate this imbalance. Bill C-40 was passed, including an amendment to raise allowance payments annually to those under age 65. That bill would have done away with the differential for those over and under age 65 on April 1, 1986.

The Minister of Veterans Affairs is now proposing to bring immediate parity. It is proposed that, on July 1 of this year single recipients under the age of 65 shall receive an extra $20 a month, and married recipients in the same age bracket a further $25 a month.

Honourable senators, it will cost the government an additional $16.8 million to achieve total equity well ahead of schedule, but I am sure we will not begrudge extra help for a most deserving group. There are 26,000 single recipients under the age of 65, including 13,000 widows, and the allowance increase represents their second income boost from the federal government this year.

In addition to the benefits of the proposed legislation directly affecting allowance recipients mentioned above, honourable senators will realize that a proposal in the last budget recommended raising the singles' rate of guaranteed income supplement by up to $50 a month in 1984. All such guaranteed income supplement increases are now automatically given to those receiving veterans allowances. This also means that over 51,000 single allowance recipients—representing over 60 per cent of the total allowance recipients—will receive a further $50 a month in federal government support. The Department of Veterans Affairs will spend an additional $10 million annually for increased benefits for 26,000 single recipients under age 65. The Department of Health and Welfare will pay a similar amount for 25,000 single war veterans allowance recipients over age 65 who receive Old Age Security and Guaranteed Income Supplements.

This legislation further eliminates a number of the inconsistencies and inequities that have emerged in the administration of War Veterans Allowances and Civilian War Allowances. I will deal with two of these measures before turning to the crucial harmonization proposals. First, there is the amendment to give merchant seamen who served on vessels in Korean waters during 1950-53 the same right to civilian war allowances as those merchant seamen who served in dangerous waters in the First and Second World Wars. In all other veterans' matters, honourable senators, the three wars are considered identical in terms of eligibility for veterans' benefits. It is only just that merchant seamen who served in Korean waters should receive similar recognition. The numbers involved will not be great, but this amendment shows that our country is reconfirming its gratitude to all those Canadians who went to the aid of the United Nations peacekeeping forces.

Another welcome amendment will place the Bureau of Pension Advocates at the service of war veterans allowance recipients. The bureau presently provides a free counselling service under the Pension Act. Its advocates help veterans prepare applications and represent them at hearings. Until now, no such free system has been available to war veterans allowance recipients, but this amendment will allow them to receive free legal advice and assistance for their appeals to the War Veterans Allowance Board. There are the occasional complaints levelled against decisions made by the agencies handling veterans' benefits, but with pensions, veterans enjoy free counselling and unlimited appeal opportunities; this amendment can only reinforce our reputation for fairness in dealing with appeals.

I will now explain the need to harmonize the war veterans allowance program with the support programs administered by

[Senator Godfrey.]

the Department of Health and Welfare. As most honourable senators are aware, war veterans allowance is an income-tested program available to qualified veterans, their widows and dependents. What it means, in effect, is that needy veterans do not have to wait until age 65 before they receive federal government income support. Last year the Department of Veterans Affairs distributed nearly $422 million to 88,000 recipients of war veterans allowances and civilian war allowances. The Department of Health and Welfare is far and away the main economic provider once war veterans allowance recipients reach the age of 65; in fact, up to 90 per cent of a recipient's income flows from the Old Age Security/Guaranteed Income Supplement program, with war veterans allowance contributing a small "top up" for the neediest group.

• (1450)

Soon the majority of recipients will be over the age of 65, and by 1991 it is calculated that the Veterans Affairs contribution to War Veterans Allowances and Civilian War Allowances will drop from the present level of $35 million a month to $9 million a month.

At the same time, the role of Veterans Affairs has been changing as veterans have been getting older. As the pressure for War Veterans Allowance and Civilian War Allowance income support is easing, so has the need for social and health assistance increased.

The harmonization proposals before you, honourable senators, recognize this reality. The reason and the opportunity to act have arrived simultaneously.

As I said a moment ago, the Department of National Health and Welfare is the prime financial provider once a WVA recipient becomes 65 and, naturally, veterans have to supply financial information to the OAS/GIS administration once a year. However, at the same time, they have to fill in separate forms for the benefit of the Department of Veterans Affairs, even though both departments require virtually the same information.

These amendments will eliminate one of the steps. As from May, 1986, WVA recipients over age 65 will no longer have to provide income information to Veterans Affairs. There will be one less form to fill in, less government intervention in elderly veterans' lives and a more modern, streamlined process.

What will start happening in 1986 is that Health and Welfare will collect the annual financial information from those veterans in receipt of WVA and OAS/GIS benefits and transfer the data to the WVA Program by means of a simple computer-tape transfer. As a result, Veterans Affairs will continue to distribute WVA cheques but will be relieved of a time-consuming administrative procedure.

In addition, the special link all veterans have with their own department will remain unbroken. Veterans Affairs will continue to decide on service eligibility. The special advantages available under WVA—interest income and casual earnings exemptions—will remain. The War Veterans Allowance Board will continue its present role of hearing appeals, reviewing decisions and interpreting the acts and regulations.

To facilitate harmonization, WVA will be adopting some OAS/GIS income-testing procedures. This, too, will be a blessing to many WVA recipients. At present, the WVA Program calculates benefits on the basis of a veteran's current-year income. By adopting the simpler GIS practice of using the previous calendar year's income as the foundation for calculation, more than $3 million in benefits will go to 25,000 WVA recipients each year.

WVA recipients under the age of 65 will continue to deal exclusively with Veterans Affairs, but they too will be able to take advantage of the new and simplified income-calculating method.

An important objective of this change is to free up the human resources needed to organize and deliver an extended Aging Veterans' Program. These harmonization proposals will mean a reduction of 187 person-years by 1989, which can be diverted to a more challenging and constructive role in serving older veterans.

Just let me remind honourable senators what the Aging Veterans Program sets out to accomplish. Basically, its purpose is to help an elderly veteran stay at home in dignity and comfort; it is a more humane and less expensive alternative to institutionalization in old age.

The program offers a variety of services, all designed to assist veterans to cope with the problems of everyday living that sometimes accompany advancing age. This can mean the hiring of a physiotherapist or a home helper. It can mean helping a veteran attend a day hospital so he can return home at night. Assistance can also take the form of grounds-keeping and house-cleaning. For those in wheelchairs, the construction of a ramp can mean the difference between a life at home and permanent institutionalization. The great strength of the program, honourable senators, is that it is able to tailor the services to individual needs. That is why it is crucial for Veterans Affairs to have the counsellors and health experts available to advise individuals.

There have been many cases where the objectives of the Aging Veterans Program have been achieved with the expenditure of time alone. Counsellors have done the legwork for veterans and seen that services already available in the community were put to the use of their clients. Such an intermediary, liaison role is vital to the success of the program.

Honourable senators, let me now tell you how the extension will be developed. The Minister of Veterans Affairs has announced that the program is going to be opened up to more veterans in the following four stages:

On October 1, 1984, it will be available to war-disabled veterans 65 and over who also receive War Veterans Allowance, and those WVA recipients 75 and over. On January 1, 1986, all remaining WVA recipients aged between 65 and 74 will become eligible to apply. On January 1, 1987, war disabled veterans 65 years and over who are precluded from receiving WVA due to the fact that their total income including OAS exceeds the income levels set under the War Veterans Allowance Act will be covered. On January 1, 1988, non-pensioned veterans, with theatre of war service, 65 years and older, where, together with other income, OAS payments prevent them from receiving WVA, will be eligible.

Not only will the program embrace a far greater number of veterans, but the quality of the services is also being upgraded. In particular, transportation will be part of the package for the first time. Transportation may be covered for up to $600 a year for eligible veterans so that they are not "shut-ins" but can make the necessary trips to the bank or supermarket.

These changes are not only ambitious and far-reaching, but they also represent sound economic common sense.

The soaring cost of hospital care dominates every discussion of Canada's health system. There has been a chorus of concern over the expense of maintaining long-term care beds. Fuelling this concern is the prospect of a large percentage of our population reaching an age when they will be most vulnerable to health problems. Canada already has one of the highest rates of institutionalization of senior citizens in the Western world even though studies show that a goodly number of those in hospitals and nursing homes are admitted for social rather than medical reasons.

Of course, the majority of the aged remain functionally well all their days and have no need of assistance; and, of course, there are some for whom the hospital or nursing home is the only answer. However, the Aging Veterans Program seeks to help those who are not in these groups; those who will be best served if they can be helped to live independent and useful lives in their own familiar surroundings.

Honourable senators, I suggest that this program is a thoughtful and humane solution to a growing problem. In sheer economic terms alone it is desirable. The Department of Veterans Affairs expects that the program in 1989 will be supporting 14,000 veterans at a cost of $57 million. The same sum spent on financing long-term hospital care would help just 1,300 veterans.

So, honourable senators, we are being asked today to reinforce a program that is economically prudent and psychologically stimulating. It is an irresistible combination.

There can be no doubt that this program will be monitored by gerontologists and health care specialists. It is to be hoped that it will provide knowledge and inspiration for a new, universal approach to the challenge of an aging population. This will be in keeping with the past. Many of the great social advances in Canada were first developed for veterans. Over the past 60 years, veterans' benefits have anticipated such generally accepted social innovations as disability pensions, OAS/GIS benefits, Family Allowances, subsidized post-secondary education and public medical insurance.

Honourable senators, by adopting these amendments and strengthening the Aging Veterans Program, we will be upholding a worthy and responsible tradition.

On motion of Senator Roblin, for Senator Marshall, debate adjourned.

[*Translation*]

COMMISSIONER OF OFFICIAL LANGUAGES

MOTION FOR THE APPOINTMENT OF MR. D'IBERVILLE FORTIER

On the Order:

Resuming the debate on the motion of the Honourable Senator Petten, seconded by the Honourable Senator Cottreau:

That, in accordance with section 19 of An Act respecting the status of the official languages of Canada, Chapter 0-2, Revised Statutes of Canada, 1970, this House approves the appointment of D'Iberville Fortier, Esquire, as Commissioner of Official Languages of Canada.—(*Honourable Senator Murray*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Murray adjourned, rather than debate, the consideration of this motion because several senators had not been given notice of the government's intention to appoint Mr. D'Iberville Fortier as Commissioner of Official Languages.

First of all, I would like to express our appreciation to the retiring Commissioner, Mr. Yalden, for the excellent work he has accomplished. Generally speaking, I believe that during his years he had the co-operation and approval of all those with whom he had to work. It is not an easy task, it is an extremely delicate one and will continue to be so. I therefore extend our appreciation to Mr. Yalden.

Mr. D'Iberville Fortier has had a career which is a guarantee of his competence; we want to assure him of our fullest co-operation and say to him that we endorse the decision of the government without reservation.

• (1500)

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the government I would like to say how enthusiastically we share Senator Flynn's comments about the present commissioner, Max Yalden. As honourable senators may or may not know, before I came to the Senate I was legal adviser to Mr. Yalden's predecessor, Keith Spicer, who was the first Commissioner of Official Languages. I heartily agree with Senator Flynn that Mr. Yalden has given seven very valuable and important years of service to his country in this post and to, if I may call it so, the cause of bilingualism and biculturalism in Canada and I add the government's thanks for what he has done for us. As for Mr. Fortier, as Senator Flynn has said, he has had a very distinguished career in the foreign service, having started in the early 1950s with the Department of External Affairs and having served in three or four posts as ambassador. So he brings with him a great deal of experience and promise for continuation of valuable service in this very important position in Canada.

Motion agreed to.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate, tabled in the Senate on January 31, 1984—(*Honourable Senator Macdonald*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order stands in the name of Senator Macdonald. I have just been advised that Senator Stollery would like to speak to it now. I believe that when Senator Macdonald adjourned the debate he indicated he would be glad to yield to anyone who wished to speak, so Senator Stollery will speak to this order.

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

Hon. Senators: Agreed.

Hon. Peter A. Stollery: Honourable senators, I shall be as brief as possible but I should like to give you a few of my thoughts on this important question of Senate reform. First, I would remind honourable senators that when we talk about Senate reform we are talking about a fundamental change in our system of parliamentary government. I think that in the rhetoric about an elected Senate or a non-elected Senate we have lost sight of the fact that we are talking about the Parliament of Canada. The system of government in Canada involves three parts: the Crown, the Senate and the House of Commons. I suppose, in the case of Canada, because of the weakness in the parlimentary system of the two houses, we have developed a fourth element, the provincial premiers.

When I came to the Senate a few years ago, I had not given a great deal of thought to how government was constituted in Canada, in spite of the fact that I had already spent some nine years in the House of Commons. I do not know why we continue to use that silly sophomoric reference to "the other place." In any event, I had very little contact with this part of the Parliament of Canada, even though only a few hundred feet separate the two chambers. After coming to the Senate and reading the proposals for Senate reform, it struck me that honourable senators seem to be caught up in a rather useless, sterile debate. We have been persuaded that we are criticised because the Senate is non-elected or because some people think we have too good a job and resent the fact that we are senators. Somehow life was given to all this and people began reacting. This reaction is something I find difficult to follow. The idea seemed to be that the answer to the problem of Senate reform—taken in isolation from the fact that the Senate is part of the Parliament of Canada, which is an element you cannot isolate—was to be found in Australia. This was about two years ago. I say this with respect and not in an unpleasantly critical manner but, personally, I would have taken Australia as almost the last example of how a two-chamber system should function.

As I looked into the subject and read reports and all kinds of books on constitutions, one point came through clearly and

that was that the larger the geography of the country—particularly countries of the new world and of a western European tradition—the more likely the tendency to have a second chamber to protect regional interests. All kinds of schemes have been tried to make the bicameral system work. It reminds me of the plethora of liquor jurisdictions with all kinds of funny rules that one finds around. In France the second chamber is elected by Les Grands Électeurs, who represent local interests. Most Frenchmen have no understanding of how senators are elected in France, certainly none that I have ever met other than senators themselves or those who are directly involved in elections. The situation in Australia was resolved by developing a system which resulted in an impasse a few years ago when the Governor General had to leave the country and, as far as I know, has been unable to go back.

I do not understand why we would allow ourselves to become involved in just one more half measure to reform Parliament. Changing the Senate will not reform Parliament. It is clear to me that what we need in Canada is a complete reform of our parliamentary system. Tinkering around with the system, which in my opinion the report does, and suggesting, for example, that a person should run for office for a nine-year period and, being successful, accept a situation where he is limited as to what he can do, does not make any sense at all. It is absolutely one of the craziest ideas I have ever heard in my life. I cannot imagine why anyone would run for office in a house of Parliament that has limitations which the other elective body does not have. It just does not make any sense to me.

● (1510)

Brazil, Australia, France and Nigeria—all of them large countries—have incomprehensible methods of making up their upper chambers, because they try to resolve the unresolvable. They say that the two chambers should be elected, but that one chamber cannot have as many powers as the other because that would create an impasse. What follows, then, is not logical and it usually does not work. In most of these countries people do not understand how the second chamber comes to be elected, and the system does not work because, in my view, the people do not approach the fundamental question of reform.

Honourable senators, it seems to me that the only large country where the bicameral system functions properly is the United States. It does not work in Australia, and it certainly does not work in Nigeria. It works to some degree in France because that country is relatively small and does not have provincial governments and the senators actually represent local interests at the centre.

Everyone says our system does not work in Canada, that the Senate has not been as useful as it might be. Presumably, that is the purpose of all these reports and meetings which have gone on *ad nauseam*. This has engendered a feeling of embarrassment on the part of senators for having their jobs. This is why they go to Australia to study their system or appoint committees to deal with the subject. As has been mentioned here, when members of these committees speak to you privately they say that the Senate should be left as it is, but they are too embarrassed to say that publicly. Everyone knows that is what has happened.

In my view, we need to reform the entire system of government in Canada. It needs to be updated. Honourable senators and others seem to have forgotten that the most fundamental change to take place around here in years was the changing of the rules of the House of Commons. When it was decided two years ago that the House of Commons would not sit after 6 o'clock, the entire dynamics of politics in this country were changed. In my opinion, it was a bad change. Politics don't stop in the evening. I don't think the job of politics is one from which a politician goes home at 6 o'clock. I think that change was a damaging one to our political system.

I find it absolutely silly to propose that under the current parliamentary system the Senate should be an elected body with a number of funny rules that would limit the power of senators. I cannot think of anything sillier. Why go to countries like Australia, which have derived their parliamentary system from Westminster, when the only bicameral parliamentary system that actually works is that of the United States?

The United States is the only country in the world where there are two elected chambers, both of which have nearly equal power. At least, they are elected nowadays; there was a time when they were not. The American system works not too badly and it fits the definitions we seem to be looking for. I do not understand the hesitation in looking at the American congressional system and seeing where it can be adapted to Canada. Why do we have to go to Australia, Nigeria or Brazil? We could go to China and look at their system. China is a country of many provinces with problems of regional governments. Why do we not take the obvious route and look at a country which is close to us in order to find what parts of its system can be adapted to Canada and to Canadians?

As I said in my opening comments, in Canada we have the Crown, the Senate and the House of Commons, but, unfortunately, in my opinion, we have developed a system of federal-provincial conferences. When I look at the information and the facts I ask myself why we are not addressing ourselves to the question of the Crown.

I come from Toronto and have a perfectly average Anglo-Saxon background. I suppose I was a royalist; my family certainly comes from that tradition. However, I must say that now in 1984 it seems appropriate to me for us to start discussing when we will have a Canadian head of state. I cannot get too excited over the rather obscure and arcane discussion of second chambers when our head of state is not even a Canadian. The head of state is something we should start talking about. We all know that it is an area in which any change will take a long time to bring about. However, I cannot see why we should not get Canadians thinking about it. Eventually, we will have to have a Canadian head of state.

I have reason to wonder whether the Westminster parliamentary system is working now in Canada. I do not think it is. If it were, then governments, ministers and prime ministers would not be spending so much of their time at federal-provin-

cial conferences dealing with their provincial confrères trying to resolve problems which are not being resolved in Parliament. Apparently, Parliament is not representing these regional interests at the centre. It is true we are not representing these interests as we should be. I think we all agree on that.

Honourable senators, I suppose that the point being made is that if Parliament stays the way it is now the worst thing we could do is create an elected Senate. That is the last thing we should be doing. The best thing we can do is leave the Senate the way it is. If we elect the Senate and think that it will not radically change the dynamics of Parliament, then we are simply dreaming. It will change fundamentally the dynamics of Parliament.

I can assure honourable senators that if we had an elected Senate in Canada and I decided to run and was elected, if someone said that I could not initiate certain types of legislation or that I could not do this or that, it would be a frosty Friday during my first nine years before I would accept something like that.

Having said that, I believe that the Senate should exercise its right of veto. I think the Senate should challenge the government of the day. Even as the Senate is constituted right now, I think it can be more effective than it is. It is not effective because most of us do not want to challenge the government of the day. We should. In fact, it is our constitutional duty to do so. Whether we will challenge the government of the day or not is another story.

• (1520)

However, as far as electing the Senate is concerned, in my opinion that would be an absolute disaster. I read Mr. Gordon Robertson's opinion, for instance, as to how he thought the Senate should be constituted and it did not make any sense to me at all. He was obviously a man who had no idea of the dynamics of Parliament.

As I have said, by having the House of Commons adjourn at 6 o'clock each day this building has been turned into a desert after that hour. Nothing happens in this building after 6 o'clock. The theory that committees will meet and that the evening hours will give everyone time to carry out other duties is not borne out. Everyone knows that, after 6 p.m., this building is dark and dim. The library is closed; everything is closed. There is no one in the building except a few senators who are still at a meeting of one of our committees.

It seems to me that the basic problem stares you in the face, and that problem is one of parliamentary reform. By that, I do not mean just fiddling around and winding up with something that is, perhaps, worse than what you started with. It means, first of all, that we have to deal with the head-of-state issue and, in that regard, I would say that senators are probably in a better position than are elected members to discuss and deal with this aspect of the problem.

Hon. Royce Frith (Deputy Leader of the Government): Maybe we should elect the Queen!

Senator Stollery: Perhaps we should. I would have said that the Head of State should probably be the Governor General.

[Senator Stollery.]

Secondly, I do not know why we adhere to the Westminster system, since that system could never possibly adapt itself to a country with the large geographic area that Canada has. Instead of running around, looking at, basically, broken down parliamentary systems, I am wondering why we do not look at the only system, as I see it, that seems to work with an elected Senate and an elected House of Commons, and that is the congressional system as it has evolved in the United States over the last 100 years since the Civil War. In my opinion, that is the system that we should be looking at to see what parts of it would be suitable to Canada, which has very similar geographic and regional problems. In that case, that would allow us to elect the House of Commons and to elect the Senate. Under those conditions, and those conditions only would I ever support the idea of an elected Senate. Thank you, honourable senators.

On motion of Senator Macdonald, debate adjourned.

ABORIGINAL PEOPLES OF CANADA

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the order:

> Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator McGrand:
>
> That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;
>
> That the Committee be composed of eight Senators;
>
> That the Committee have power to report from time to time, to send for persons, papers and records, and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee have power to travel from place to place within Canada; and
>
> That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Roblin P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, it is now some time since my good friend Senator Watt introduced this motion in the chamber on April 5 last. After its introduction it stood on the Order Paper—I was almost tempted to use the word "languished" on the Order Paper—until such time as Senator Frith was able to resolve the position of the government in respect to this matter. On May 30, some seven weeks after it was introduced, he gave us to understand that the government would support the resolution of the Honourable Senator Watt.

Then I have to confess to being responsible for a further two-week delay, because I adjourned the debate and, unfortunately, was not able to be here last week, being engaged in senatorial business in other parts of the country. Therefore, on the first occasion after that adjournment that I possibly could,

I rise to make my small contribution to the consideration of this important topic.

The terms of the resolution are clear. The operative part of that resolution is that a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing aboriginal peoples of Canada. I want to leave no doubt in the mind of anyone that, as far as I am concerned, this is a very important issue. I think it is so regarded. It is regarded as an important issue, for example, by the Government of Canada. In considering this matter, I had occasion to review the policy statements of the Government of Canada on this question of aboriginal peoples and there has been a surprising number of them. I will only deal with a couple that I think are germane to our consideration here.

In 1975 an agreement was reached between the National Indian Brotherhood and the committee of the federal Cabinet to establish a mechanism for on-going consultation on all issues affecting Indian peoples, which certainly was considered to be a monumental step at the time. Then, later on, in the fall of 1977, I think, the Cabinet Native Council of Canada Committee was established and continues to meet, I am told, on a regular basis. Of course, we have had very detailed and definitive discussions with respect to the position that aboriginal peoples ought to be accorded under the Constitution Act in Canada. So perhaps you could say that this is not a topic that the government of the day has regarded lightly. I would say that they have been very active indeed in dealing with the issues involved.

In fact, since 1980, I think it can be said that in the person of the Honourable John Munro, who is the minister in charge of this department, we have had what could honestly be described as an activist minister. Anyone who has been watching Mr. Munro's work in the past few years must give him credit for being a very activist minister in this whole field of aboriginal problems and policies, and he has been working hard, with some success, in trying to resolve and clarify some of the major issues that are involved in this topic.

Also, in the person of the Honourable Senator Willie Adams, whom I salute in his absence, we have an active senator because I know that, certainly within the councils of the government, he has not let the question of aboriginal rights go without a spokesman.

Today we had Bill C-46, in which not only the Cree and Naskapi bands but also the Inuit band of Fort George are included in what must be regarded as a milestone in the developing relationship between the aboriginal peoples and the rest of the country, and a milestone in defining a role, which I hope and believe will be a constructive and progressive role, for aboriginal peoples to run their own affairs in a way that we have not yet seen in the rest of the country. Also, there is the fact that we are considering a split of the Northwest Territories in two, one half of which would be roughly regarded as a place where the Inuit people will have an interest in things. That is something that should not be overlooked.

Not only has the government been very active, but so has Parliament. Parliament has been seized of this matter in no inconsiderable way. Parliamentary initiative, so far, I think, has been quite important. A special committee of the House of Commons, under the chairmanship of Mr. Keith Penner, a member of that chamber, has studied the question of Indian self-government and much else, although I am conscious that the problems of the Inuit people were not addressed nearly as directly as were the problems of Indians. Basically that committee was oriented toward the aboriginal people that come under the description of Indians.

That committee has certainly not been without its results. It heard 588 witnesses; there were 217 groups represented and there were 60 meetings, 39 of which were outside of the city of Ottawa. I know that the terms of reference were widely phrased and I would like to read some of them: The financial transfer, control and accounting mechanism in place between the bands and the Government of Canada; legislative powers of bands and their relationship to the powers of other jurisdictions; the recognition and the affirmation of existing aboriginal and treaty rights of aboriginal people, and so forth. There are perhaps a dozen clauses in the terms of reference, but the ones I have mentioned give some reflection of the widespread nature of that inquiry.

• (1530)

I know that in my own province of Manitoba nine meetings were held. I could read the names of the organizations whose representatives attended those meetings, if it would serve any real purpose, but I think I will content myself by saying that nine groups were involved in the meetings. At every meeting an aboriginal group that wished to be heard was heard, and 34 people gave testimony either by their presence or direct participation. That gives honourable senators some idea of what happened in one part of the country, and I can say that that is an accurate indication of what went on all over the country.

If one looks at the research programs commissioned by this study on aboriginal peoples initiated by the committee of the other place, one will see that they are, indeed, impressive. The study related to questions pertaining to economic foundations for Indian self-government. Could anything be more important than that if one is considering a change in the system of administration in this respect?

Another subject addressed related to various models for relations between indigenous peoples and governments. Again, that is on the theme of self-government for aboriginal people. Another subject was the federal expenditure and mechanisms for their transfers to Indians, and much more.

What I am really trying to say is that the investigation conducted by the committee of the other place into the problems facing the aboriginal people of Canada, we must, in all fairness, describe as having been an extremely detailed, exhaustive and, in my opinion, sincere effort to come to grips with that problem, a problem which has been vexing the governments of the country for some period of time.

On October 20, 1983, the report of the committee, consisting of 54 pages, was published. By my count there are at least 67 recommendations. So, insofar as the Indian section of the aboriginal society of this country is concerned, we have had a parliamentary committee publish a report which has, I think, made a profound impact. I do not think there is any doubt about that. I think we see that reflected in what the government is doing these days; I think we see that in the changing opinions within Parliament itself; and we see that reflected in the response the aboriginal peoples are making to this whole problem. It, I think, can be described as leading to a climax of activity in this whole question of our aboriginal peoples and their relationship to the rest of the Canadian state.

Honourable senators, that indicates to me that this is a problem which Parliament has not ignored; that indicates to me that this is a problem which has received considerable attention from one house of Parliament and has some bearing on what should be done next. I refer, then, to the special Senate committee recommended to us to deal with problems and issues facing aboriginal people.

Are all of the problems solved by the studies and legislation that are in the course of consideration now? By no means. I suspect that the Inuit people might say that they have not received the same sort of attention that the Indian people have, so perhaps it would be reasonable to expect them to ask for more attention.

So the problems are not all solved. Should the Senate take an interest in the matter? By all means. I say that because, even though the other house of Parliament has made an exhaustive study, it by no means rules us out of concern in this matter. So it comes down to a question of how this house should show its concern and conduct any investigations that might be initiated into the general question of the problems facing aboriginal peoples.

I am going to persist in my previous recommendation and say that, in my opinion, the Senate would be well advised to stick with the well-established committee system it has in place. In view of the way in which the matter has been developing in the other house of Parliament, and in the country generally, it seems to me that there is good reason for us to adhere to our current committee system.

I point out to honourable senators that with the number of committees we now have, we have to supply well over 200 places. There are well over 200 places that must be supplied by the members of the Senate in order to operate and man the committees we currently have. I am in receipt daily, in my job as deputy leader on this side, of telephone calls from committee chairmen asking for help to staff the committees because they are having difficulty obtaining quorums. We had a problem this morning in the Standing Senate Committee on Banking, Trade and Commerce, which is one that usually attracts good attendance. We cannot today, with any ease of mind, declare that we can man the committees we now have. I am not saying this solely on behalf of the opposition, because we are fielding our share, but I say that the Senate is overloaded in respect of demands being made on its numbers to man its committees.

We have had two new Senate committees appointed during the past while, and we are now being asked to appoint a third. It seems to me that we should consider carefully whether that is really the right way to go.

Senator Watt, when speaking to Bill C-46 a few minutes ago, and in talking about the general situation, and referring, indeed, to his resolution regarding this committee, said that there are areas from time to time which require review and study. I agree with that statement, but the question is whether we need a special committee in order to do that. I do not think so.

The Standing Senate Committee on Social Affairs, Science and Technology has as the second item on its remit the authority to deal with Indian and Inuit affairs. That committee, although I do not have the honour of being a member of it, has a splendid reputation for dealing with problems that are referred to it. That committee gave us the report on the elderly citizens of this country, and some time ago on science, and much more. It is a good working committee and can be trusted to carry out any assignment given to it. I think we should allow the Standing Senate Committee on Social Affairs, Science and Technology, under its second remit for Indian and Inuit affairs, to monitor the progress, as my honourable friend, Senator Watt, suggests, and to initiate its own investigations from time to time as it sees fit.

Incidentally, honourable senators, I have just received the budget for that committee, and although all of it may not have been approved, the request is for $250,000. Among other things it intends to do, in dealing with another question before it, is visit all capital cities of the country, including Yellowknife and Whitehorse, as well as other northern communities to be selected.

I do not know, but I guess it is my economical Scots forebears on my mother's side, let me say, that makes me think that that committee has enough money and a program in place under which it could deal with Indian and Inuit affairs, if that subject should be added to it mandate.

I think that this is a good cause; I think it could be well served with the mechanism we now have; I think that that is desirable because of pressure on honourable senators at the present time to fill all posts now allocated to them on committees so that they can do their work effectively. I would be happy if the member who has suggested this motion, and perhaps the Deputy Leader of the Government in the Senate, were to reconsider the whole matter. Nothing would be lost, and I think much would be gained if we made the best use of the machinery at our disposal rather than trying to move

forward to go into something which we will find some difficulty in handling and promoting.

My conclusion, honourable senators, is that this subject matter is well worthy of our attention and I recommend to the Senate that we should sustain the remit of this topic to the committee on Social Affairs, Science and Technology and refrain from asking that a special committee be appointed.

On motion of Senator Cottreau, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 13, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

CREE-NASKAPI (OF QUEBEC) BILL

SECOND READING

Leave having been given to proceed to Order No. 2:

On the Order:

> Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator Leblanc, for the second reading of the Bill C-46, intituled: "An Act respecting certain provisions of the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement relating principally to Cree and Naskapi local government and to the land regime governing Category IA and Category IA-N land".—(*Honourable Senator Asselin P.C.*).

[*Translation*]

Hon. Martial Asselin: Honourable senators, I adjourned the debate yesterday after Senator Watt introduced this bill for second reading. I have had an opportunity to glance at the clauses of this piece of legislation and to speak with Cree and Naskapi representatives as well as with the people who drafted the bill.

It is a technical and rather structural measure. It is a substantial bill and I think that the questions I have in mind would be better answered if we could hear witnesses in committee.

For that reason, I will not intervene before third reading, so as to enable the sponsor of the bill to proceed with his statement on second reading.

[*English*]

Hon. Charlie Watt: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that if the Honourable Senator Watt speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Watt: Honourable senators, Bill C-46 was debated yesterday, when I outlined the importance of the bill and recommended that it be passed as quickly as possible. I ask for your support of this motion for second reading of this bill.

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?

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(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 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators will notice on their desks a notice from the Committees and Private Legislation Branch of today's meeting of the Standing Senate Committee on Legal and Constitutional Affairs, giving details of the witnesses who will be appearing before that committee. The meeting will commence at 2.30 p.m.

Motion agreed to.

[*Translation*]

PRIVATE BILL

STADACONA MINES (1944) LIMITED—FIRST READING

Hon. Martial Asselin presented Bill S-16, to revive Stadacona Mines (1944) Limited, and to provide for its continuance under the Canada Business Corporations Act.

Bill read first time.

Senator Asselin, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SECOND AND TWENTY-THIRD REPORTS OF COMMITTEE TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration,

tabled the committee's twenty-second and twenty-third reports approving budgets of the following committees:

Social Affairs, Science and Technology; and

Banking, Trade and Commerce.

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

RIGHTS OF FRANCO-ONTARIANS—REPRESENTATIONS BY PRIME MINISTER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question concerns the request made by Prime Minister Trudeau of the Ontario Premier, Mr. Davis, to have the linguistic rights of Franco-Ontarians recognized in the Constitution.

The Prime Minister says in his letter that as long as there is no parity between the constitutional rights of linguistic minorities in Ontario and Quebec, people will still be able to fan the flames of the political debate on the future of Quebec.

More important than this lack of parity, unilateral patriation of the Constitution without providing a veto right for Quebec, or alternatively, without granting full financial compensation to a province which refuses to transfer its legislative jurisdiction to Parliament, creates a situation which favours centralization.

Does the Prime Minister plan on writing all premiers and inviting to make the required amendments to the Constitution so that Quebecers will be more easily convinced that they can expect a greater respect for their own aspirations within the federation?

• (1410)

[*English*]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I can appreciate the comments of the Leader of the Opposition—

Senator Flynn: It was a question.

Senator Olson: I understand that it is a question. I will have to take the question as notice. The views of the Prime Minister are well known with respect to this matter. He has, on a number of occasions—

Senator Flynn: Tell us what they are, if you know them.

Hon. Léopold Langlois: Let him reply.

Senator Olson: The views of the Prime Minister and the action he would prefer to take are well known. Perhaps I shall get them directly from his office and present them here for the record and in response to the question put today by the Leader of the Opposition.

As far as I am concerned, I do not need any further illumination on the views of the Prime Minister because I know what they are. I shall take the question as notice so that we may get the precision from his office which the question deserves.

Senator Flynn: Honourable senators, I have a supplementary question. The Leader of the Government says that he knows the views of the Prime Minister on the question that I put. However, I am not sure that the leader understood my question, but he can read it in *Hansard*. The position of the Prime Minister on the question of the rights of Franco-Ontarians has changed since the patriation of the Constitution because at that time he was not asking Mr. Davis to do it—

Hon. L. Norbert Thériault: Yes, he was.

Senator Flynn: No, sir, he was not! He was satisfied, and you for one voted against the amendment moved in the Senate to achieve that goal. You should hide your head under your desk, rather than say stupid things like that.

Senator Thériault: It is the truth.

Senator Flynn: We know that the position of the Prime Minister has shifted on this question of the recognition in the Constitution of the rights of the Franco-Ontarians. My question is not related to that point but to the insertion in the Constitution of either the right of veto or full compensation.

Senator Olson: Honourable senators, I understood that part of the question very clearly but I have to say, contrary to what the Leader of the Opposition is attempting now to put forward as the view of the Prime Minister, that the fact is that the Prime Minister has not—

Senator Flynn: No!

Senator Olson: —changed his view as to the rights of Franco-Canadians living in Ontario. He has made the request on a number of occasions that the Government of Ontario—

Senator Flynn: Not at the time.

Senator Olson: —give the same kind of recognition that is requested in his present letter to the Premier of Ontario.

Senator Flynn: I challenge that assertion by the Leader of the Government. At the time of the discussion the government was satisfied with the arrangement arrived at during the night of the fourth and the fifth, if my memory serves me correctly, excluding Quebec from the agreement. At that time, Senator Thériault, there was no question of inserting the rights of Franco-Ontarians in the Constitution. The Prime Minister was happy with that move. He said that he was not asking for inclusion at that time. However, he is asking for it at this time. It is a shifting of the Prime Minister's position—we know that very well.

Be that as it may, my question is not on that point. I wish to know if the Leader of the Government in the Senate knows what the Prime Minister's position was at that time with regard to the right of veto. We know well that he was satisfied not to give any right of veto to Quebec, to Ontario, or to any

group or province. We know that compensation was only to be allowed in matters relating to culture and education.

Senator Olson: The Leader of the Opposition has that all wrong.

Hon. Senators: Oh, oh.

Senator Olson: It is not only part of what he is saying that is wrong; he has it all wrong. On those dates, the Prime Minister said that he was not completely satisfied with the arrangement which had been worked out. I wish to make that clear.

Hon. Senators: Hear, hear.

Senator Olson: However, he clearly understood that it was probably the best arrangement he could come up with.

Senator Thériault: At that time.

Senator Olson: That is right, at that time; and that there would be further work done with respect to it. He said that. Let us get that straight.

With respect to Quebec being a participant in the agreement and, therefore, having that set down, the Prime Minister did not exclude Quebec. The senior officials, including the Premier of Quebec, excluded themselves from the agreement.

Hon. Senators: Hear, hear.

Senator Flynn: I would like to differentiate between the position of the government and the position of the majority here in the Senate. We know very well that when the question was put to the majority here with respect to inserting this right of Franco-Ontarians in the Constitution the majority voted against it—you, Senator Olson, and Senator Thériault included.

Senator Thériault: We voted against your amendment because we knew your only purpose in proposing it was to prevent the patriation of the Constitution.

Senator Flynn: That is all well and good.

Senator Olson: That is exactly right. The Leader of the Opposition is not famous for his capacity to take in the results of certain actions. If any senators, or the majority, had voted for his amendment he knows very well that the effect would have been to impede the great progress made in bringing into being the Constitution which was agreed to by most of the people whose agreement was necessary. It is funny that the Leader of the Opposition now tries to argue against that point since it was specifically explained to him at the time.

Senator Flynn: One of the results of the position taken by the government and the majority was the re-election of a separatist government in Quebec.

Senator Olson: I do not agree with that either.

Hon. Joseph-Philippe Guay: That is just wishful thinking!

NEWFOUNDLAND

ST. JOHN'S-PORT AUX BASQUES RAILWAY FREIGHT LINE

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. It has to do with something which neither he nor the minister can contradict.

Five years ago the federal government commenced what has proven to be a successful revitalization of the St. John's-Port Aux Basques railway freight line in Newfoundland, after taking away our rail passenger service. In view of the fact that this five-year period is coming to its conclusion shortly, is the government prepared to commit itself to the continued existence of this railway line which is so important to transportation in Newfoundland?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I cannot give an answer to that question off the top of my head. I will ask for a reply from the Department of Transport. I do not think there has ever been any doubt that the services which are required in that area will be maintained.

Senator Marshall: The leader of the Liberal party in Newfoundland, Mr. Stephen Neary, has said:

> —I think it's absolutely essential that, before the next federal election, we get a firm commitment from the federal Government that the railway is here to stay in Newfoundland.

Here, he is referring to the railway line. The passenger service is gone; it was taken away under a deal made by a former premier. I wonder if confirmation could be obtained from the Minister of Transport, from the cabinet or from the Prime Minister that they will live up to their commitment?

• (1420)

Senator Olson: I shall take the question as notice. I think I understand what Senator Marshall is searching for but I do not have that data with me today.

CANADIAN SPORTS POOL CORPORATION

SALE OF TICKETS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I ask the Leader of the Government if he has any report on the result of the sale of sports pool tickets for the first drawing. I have seen some figures somewhere, but I will try not to say where because the Leader of the Government will object; he will not want to reply. In any event, I have seen some figures somewhere that do not seem to indicate any great success in this venture.

Hon. H. A. Olson (Leader of the Government): I am really impressed with the Leader of the Opposition's attitude with respect to the rules of this house. I think if he reads carefully the replies that I gave to questions on this matter on both Monday and Thursday of last week, he will note that I gave an undertaking to bring those results as soon as they are available. So far as I know, they are not yet available and, indeed, they are not being compiled on a weekly basis. That was clear in the reply I gave him last week. Therefore, if he has seen some speculation somewhere that someone is making those figures available before the minister responsible does so, he should treat it as such—speculation.

Senator Flynn: I was wondering if you would inquire from Senator Perrault whether he knows anything about the situation. Senator Perrault was interested in that venture at its origin.

Senator Olson: I know that Senator Perrault knows a great deal about a number of things but, at the moment, he is not responsible for this particular government activity. Under the rules—and perhaps Senator Flynn would like to take note of this—under the rules—

Senator Flynn: I do not have to take note; I know the rules as well as you do.

Senator Olson: Under the rules, you are confined to asking questions of the minister with respect to those things for which he is responsible to Parliament and, in fact, it is limited to that.

Senator Flynn: I was asking questions of you. You are here to reply for all of the ministers. That is probably why your answers are so diluted.

Hon. Royce Frith (Deputy Leader of the Government): Diluted answers to deluded questions.

Senator Olson: My colleagues on this side are attempting to have me say that these are diluted answers to deluded questions. However, the answers are not diluted. They are clear and precise.

FOREIGN AFFAIRS

POSSIBLE VISIT OF MR. CHEDLI KLIBI, SECRETARY-GENERAL OF THE ARAB LEAGUE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a specific and illuminating reply by way of a delayed answer to a question asked by Senator Macquarrie on June 12 concerning a possible visit to Canada by Mr. Chedli Klibi, the Secretary-General of the Arab League.

As honourable senators may be aware, the invitation to Mr. Klibi to visit Canada was made some time ago by the Secretary of State for External Affairs, Mr. MacEachen. Since that time, several efforts to arrange a visit to Canada by Mr. Klibi have not been successful because of the difficulties both parties have encountered in finding mutually convenient dates. However, the invitation stands and efforts to find a suitable date for a visit will continue after the summer recess.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motion:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at 2.30 o'clock in the afternoon on Wednesday, June 20th, 1984, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

CUSTOMS AND EXCISE OFFSHORE APPLICATION BILL

THIRD READING

Hon. Earl A. Hastings moved the third reading of Bill C-16, to apply the customs and excise jurisdiction of Canada to the continental shelf of Canada and to amend certain Acts in relation thereto or in consequence thereof.

Hon. Lowell Murray: Honourable senators, I had thought that the sponsor of the bill might have a statement to make, but, if he does not, I do.

There are some facts that I should like to place on the record regarding this bill before it passes, and some conclusions I draw from those facts and the debate which took place in this house and from the two days' discussion of the bill during the meetings of the Standing Senate Committee on Banking, Trade and Commerce on June 7 and June 12.

First of all, let me reiterate our position that the achievement of the main purpose of this bill—that is, the extension of Canada's Customs and Excise jurisdiction beyond the 12-mile limit out to the 200-mile limit, to the continental shelf—is logical, appropriate and necessary. The bill also brings with it a 20 per cent rate of duty on vessels and floating structures used for petroleum drilling beyond the 12-mile limit. The alleged purpose of the tariff is to stimulate activity in Canada's shipbuilding industry.

We thought it was proper that the Senate should pause for a little while to examine more closely this tariff and the assumptions behind it, the objective it is intended to achieve, and its likely effect. We thought it was especially proper for us to pause for a couple of days on this matter in view of the fact that the House of Commons gave the bill second reading, study by committee of the whole and third reading in the space of two hours a couple of weeks ago.

Honourable senators, the testimony before the committee confirmed what the minister, Mr. MacLaren, said in introducing the bill in the other place, as well as what the sponsor of the bill in the Senate, Senator Hastings, said to the effect that the revenue gain to the treasury from the tariff is not very significant. Officials who attended the committee meetings said that there would be a gain of $75 million annually from the tariff to which they add a $55 million saving from the phasing out of the shipbuilding subsidy, a measure which they associate with this bill. That comes to $130 million annually, but against that must be placed the costs that are incurred by the treasury, which come to something in the order of $123 million. The principal items of that cost are the $83 million in increased PIP grants to pay for the government's share of the increased cost to the companies occasioned by the tariff, and $38 million in corporate tax write-offs.

So the bottom line, the officials told us, is that there is projected a net gain to the treasury of some $7 million annually.

I may say in passing that in explaining how some of these figures were arrived at there had been some number crunching that was so sophisticated as to be suspect. I will not dwell on that point for the moment except to say that we shall see how it works out in the end.

● (1430)

One of the intriguing things about the numbers presented by the officials is that the increase in PIP grants to pay for the government's share of the increased exploration and development costs occasioned by the tariff is higher than the gross revenue that they expect to receive from the tariff. The PIP grants will increase by $83 million, but the gross revenue from the tariff is only $75 million. How can this be so?

I tried without success in committee to obtain some explanation of this. Since that time I have had inquiries made in the Department of Finance and the explanation is that the officials in that department assume that Canadian firms will increase their prices almost to the level of the import price including the tariff. This seems to confirm what some anti-tariff people have contended for a long time, namely, that tariffs not only increase the price of imports but they also increase the price of everything else. With the government paying in PIP grants anywhere from 20 per cent to 80 per cent of the increased cost of the tariff to the companies, it would appear that the tariff does not impose a great hardship in the sense of being an effective barrier to the import of foreign vessels and installations. Yet, we have on the record the statements of the minister who introduced the bill, Mr. MacLaren, and of the senator who sponsored it, Senator Hastings, that this tariff is going to produce $3 billion in new business for Canada over the next 10 years. That is $3 billion in new business that they, Mr. MacLaren and Senator Hastings, relate directly to this tariff. How is this $3 billion figure arrived at? That was one of the questions to which we tried to get answers in committee. The officials told us that it is expected that approximately $6 billion worth of vessels and similar equipment will be needed over the next 10 years. I quote one of the officials: "And we would hope to be able to supply half of that as a result of the tariff regime being extended to the offshore."

We had officials from the Department of Finance, from the Department of National Revenue and from the Department of Regional Industrial Expansion before us and they had considerable difficulty documenting those forecasts and, in particular, the $3 billion in new business that is alleged to be waiting for us if we just slap on this tariff. To put it charitably, there is not much evidence to support that figure.

Under questioning they fell back on such statements as: It would help to encourage Canadian sourcing, but the extent of the tariff's effectiveness would be difficult to predict. At one point yesterday an official said this: "It is not clear to me whether all of that $3 billion would result from a change in the tariff alone; in other words, that we would not receive any of that business without the tariff." A little later he said: "... yes, without the tariff we would receive something less than $3 billion; however, we would still receive some of it." That type of rather ambivalent statement of the effect of the tariff should be placed alongside the rather categorical assertion made by spokesmen for the government in the other place and here in introducing this bill and claiming $3 billion in benefits from this tariff over the next 10 years.

Finally, under examination, the officials invoked rather longer-term considerations by which to defend the tariff. The tariff would help create what they called a climate in which domestic industry can develop. They made a rather plausible and reasonable argument to the effect that experience in the North Sea and elsewhere has shown that there is a 20 per cent price disadvantage occasioned by what they call the learning curve when companies begin to work on new projects related to the offshore. One assumes, therefore, that one of the purposes of the tariff would be to offset this 20 per cent price disadvantage that local firms are subjected to by reason of the learning curve. However, there is no word in this bill, or from the government, to the effect that there is going to be any phasing-out of this tariff as the learning curve of a firm, or Canadian firms in general, disappears. In summary, the inescapable conclusion is that the effect of this tariff is not very significant as a barrier to imports.

In terms of what the companies have to pay, one of the officials stated that the incremental cost to the sponsors of these huge offshore projects would be, in his words, peanuts. Honourable senators, as I pointed out the other day, there already exists an effective regime for achieving what is called full and fair access for Canadian suppliers. This exists in the Canada Benefit Agreements that are negotiated by COGLA—the Canada Oil and Gas Lands Administration—with the exploration and development companies.

In committee we had an opportunity to hear a full explanation of how this works from a man from the Department of Regional Industrial Expansion, Mr. Reynolds. He explained, with one eye on the possibility that someone from GATT might be listening, how COGLA works on the exploration companies, how it reviews the bid lists with the companies, how it discusses the capabilities of Canadian suppliers, and all that sort of thing. He made an interesting exposition, from which I will not quote except to relate to honourable senators that, according to the spokesman, this COGLA administration has produced what they call "a quite significant shift in attitude and in the procedures that the oil and gas companies use internally to seek out and develop new Canadian sources of supply." I simply recommend that honourable senators who may be interested in this would do well to read the evidence of Mr. Teschke, the Deputy Minister of DRIE, and of Mr. Reynolds, one of his officials, given before the committee yesterday.

The point of this is that COGLA seems to be working—and working quite effectively—by means of moral suasion and the carrot and the stick, to the extent that the carrot and the stick are appropriate weapons under the GATT. They have not run

afoul of our GATT obligations in administering these Canada Benefit Agreements.

If that exists, honourable senators, we come back to the question: Why this tariff? The answer finally given by the spokesman for the government was that this tariff is being imposed because the shipbuilding industry wants it. I suggest to honourable senators that the shipbuilding industry wants it, not because it believes that the 20 per cent tariff is going to be particularly effective but because it is a step in the right direction for the industry and will enable it to come back later and ask that the tariff be increased and set at some higher level, or that other more protectionist measures that have been advocated by that industry be implemented. Indeed, I should take the time of the Senate for just a moment to quote from the testimony of Mr. N. G. Darroch of the Tariff Division of the Department of Finance, given before the committee on June 7. I quote from the unedited transcript:

> The shipbuilding industry have not commented directly on the level of the tariff. In essence, they would like to see prohibition of imports into the offshore area or anywhere else. They feel their competitive position is so poor vis-à-vis foreign competition that they are very pessimistic about even this legislation which was designed to help them. They feel it does not go far enough. They have continued to make representations for additional protective measures.

Mr. Walsh, who is the President of the Canadian Shipbuilding and Ship Repairing Association, was at the committee meeting yesterday. The chairman of the committee, our colleague Senator Barrow, told us that he had invited Mr. Walsh to comment on the bill, but Mr. Walsh declined except to say that he urged that the bill be passed, and as soon as possible. I had the opportunity to have a brief conversation with Mr. Walsh. I do not think he would mind my referring to it here. Mr. Walsh said that if they had had the tariff a few years ago, it would have meant considerable new business for them. As it is, he does not deny the contention that the tariff is not going to be very effective in that regard. However, he says it is a step in the right direction—it is a first step. His main reference in conversation was to the wide range of protective measures and government subsidies that are available in other countries. Whether it be the United States, the United Kingdom, Japan, Norway, South Korea or whatever, the shipbuilding industry around the world seems to enjoy very heavy protection, subsidy and government support. The question is whether Canada can ever try successfully to match this panoply of protectionist measures.

Mr. Walsh and his association have made a submission to the Royal Commission on the Economic Union, commonly known as the Donald Macdonald Commission. They have made eight recommendations, many of them, frankly, quite protectionist in nature or potentially very costly to the treasury. Obviously, the government does not think that Canada can possibly try to compete with that array of protectionist measures which is available to the shipbuilding industry in other countries. Therefore, the government threw the shipbuilding industry a bone and that is what this bill is all about. The government has thrown the industry a bone in the form of one of the things the industry sought, namely, the tariff.

Honourable senators, this really brings me to my final point, and it is this: Canada does not have a shipbuilding policy. The industry has been helped along by some government procurement, orders for Coast Guard vessels, and so on. The industry has been assisted to build for export by EDC financing during the seventies. Of course, the industry has asked that EDC-type financing be available to it for domestic commercial orders as well. The shipbuilding industry, as we were reminded, is not alone in making that expensive request of the government. The main point, however, is that, in terms of domestic commercial orders, the shipbuilding industry is in pretty bad shape—pretty unpromising shape. Domestic commercial orders are fleeing the country at a great rate.

The policy announced by Mr. Lumley in January of 1983 had this tariff as its centrepiece, yet the shipbuilding association, in its submission to the Macdonald Commission, stated that the key to the future prosperity of Canada's shipbuilding industry lies in the new requirements of the Arctic and east coast offshore. It was said, and I quote:

> Specially designed and constructed equipment will be needed to meet the unique Canadian environmental challenge. Rigs, supply vessels and tugs will have to be capable of withstanding the harsh Arctic cold and ice or east coast deep waters and strong ocean currents.

What we are talking about here is the opportunity that is presented to the Canadian shipbuilding industry to meet the highly specialized needs of Canadian resource development. When we asked what the government is doing to ensure that the Canadian shipbuilding industry is able to meet this challenge and opportunity, the answer we received, in the words of Mr. Teschke, the Deputy Minister of the Department of Regional Industrial Expansion is as follows, and I am quoting from the unedited transcript of yesterday's meeting of the Standing Senate Committee on Banking, Trade and Commerce:

• (1440)

> First and foremost, we look to the Canadian shipyards themselves to provide the kind of expertise that is needed in the design and engineering skills to take advantage of these opportunities.
>
> I would revert again to the explanation you had under COGLA. That is a major way in which we are trying to ensure that capable Canadian firms are given a full opportunity to participate.
>
> The tariff is but one aspect of this. As we said before, I would have to come to the same conclusion that the tariff will not be all that significant; much more significant will be the capability of the yards themselves and how reliable they are in order to meet those needs.

So there is at least an implied criticism of the industry—certainly it is an admonition—on the part of Mr. Teschke, the deputy minister. He is saying that there is some onus on the

industry to equip itself to meet those challenges and opportunities, and I believe that is a proper position for the government to take.

Well, are there incentives, in terms of research and development, manpower training—or, for that matter, the organization of the industry—that can be brought to bear to ensure that the industry is able to meet the challenges which its representatives say are the key to its future prosperity? It is hard to see, frankly, how a bit of government procurement for the Coast Guard, and the imposition of a 20 per cent tariff, are related to this objective. It is hard to see how the tariff will encourage the development of a prosperous, modern, competitive industry that is world class, at least in the kind of specialties they are talking about. So I have come to the conclusion that we do not have a shipbuilding policy, that the government is throwing the industry a bone in the form of this tariff, that the bill, to the extent that it brings in this tariff, is just an elaborate deception, a public relations gesture, on the part of the government.

Some Hon. Senators: Hear, hear.

Senator Murray: I said in another connection a week or so ago that while debate on a particular bill was ending, debate on the subject matter was just beginning. I would say something similar with regard to this subject—that debate on this bill may be coming to an end, but debate on the future of shipbuilding in this country has to continue, that we shall have to get much more serious about the debate than the government has been in announcing its policy and implementing this tariff in the bill now before us.

Hon. Earl A. Hastings: Honourable senators, I should like to respond by commenting on the speech given this afternoon by the Honourable Senator Murray. May I say at the outset that I assume we are in total and complete agreement with respect to the sovereignty aspect of the bill, but it appears that we part company on how much activity will be stimulated from the imposition of the tariff aspect of the bill.

Senator Murray had a few comments to make regarding the operation of COGLA. I do not believe that Bill C-16 in any way interferes with the work of the COGLA administration and the Canadian benefits section of COGLA. Canadian benefits are an important part of that administration. It is part of the total Canadianization aspect of the National Energy Program whereby the applicant must submit, with respect to any exploration permit, a Canadian benefits section in his application wherein he indicates that his exploration activities will benefit Canada; how, where and with what suppliers; and an undertaking that he will keep to that exploration agreement.

Honourable senators, as a result of the work of the Canadian benefits section with respect to exploration agreements, the Canadian content in the exploration agreements has significantly risen over the past three years and has made an important contribution to Canadianization.

While Senator Murray questioned the impact that this bill will have on putting Canadian suppliers on an equal basis with foreign suppliers, he referred only to the shipbuilding industry. Shipbuilding supplies represent only part of exploration on the east coast. Many other supplies are needed in connection with exploration, and many suppliers in the eastern provinces will be on a more equal basis in tendering and pricing with regard to exploration on the east coast.

Senator Murray's criticism concerning estimates is, I believe, quite valid. I notice that a figure of 72.5 per cent was used with respect to PIP grants. That is assuming that every company on the east coast is 100 per cent Canadian owned, when, in fact, that is not the case.

Hon. Duff Roblin (Deputy Leader of the Opposition): It is 80 per cent and 20 per cent. How do you figure that one out?

Senator Hastings: The average is 72 per cent, assuming that each one is a 100 per cent Canadian company. We are talking about exploration equipment, and it is based on the number of companies on the east coast being 100 per cent Canadian owned, which in fact is not the case. My point is that Senator Murray's criticism is quite valid with respect to estimates. I would say it would be better if they used the word "guesstimates" in developing the figures. However, the fact is that while the criticism may be valid, over and above everything else the tariff aspect of this bill will have a positive effect in placing Canadian suppliers and the shipbuilding industry on an equal footing with foreign vessels that may be operating in that area.

Motion agreed to and bill read third time and passed.

WAR VETERANS ALLOWANCE ACT
CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Neiman, for the second reading of the Bill C-39, intituled: "An Act to amend the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act and certain other Acts in relation thereto".—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I am pleased to respond to Senator Godfrey who, in explaining the provisions of Bill C-39, dealt with the main objectives of the bill, which we welcome. However, when one considers that it is now 50 years since the original act was introduced, it is strange that 50 years later one finds so many anomalies and inequities in the act which are only now being corrected. We are still amending an act which has been in existence for 50 years. The problem is that the intervals between the introduction of amendments are too long. As the background notes to the bill explain, in two years' time, most war veterans allowance recipients will be over 65.

● (1450)

The main objective of the bill is to expand the Aging Veterans Program, a program for which I must commend the

government, with one criticism. They should recognize that there are too many bureaucratic delays in adjudicating applications. This bill was introduced two years ago. I understand that up until now there has been a 20 per cent refusal rate, which is too high. However, any provision that increases a program by $100 million has to be accepted with some gratitude. Even though the $100 million will be expended over a period of three or four years, I understand that in the fiscal year 1988-89, $57 million will be budgeted to allow for the care of 14,000 veterans in their own communities and homes. This is good. Veterans who need geriatric care will not have to go hundreds of miles to a hospital but will be cared for in their own homes. Senator Godfrey has given the details on this subject.

Another good thing included in this bill is the allocation of $600 per year per veteran for transportation costs, allowing the veteran to be transported to his destination with an attendant. Also included in the upgraded program is $60.24 per day for adult residential care and nursing home care service, $4,300 per year for home care services and $500 per year for ambulatory health care services. I can see no reason for objecting to this bill, other than the fact that it does not include services for all veterans. However, I recognize that we cannot include everybody. But I repeat that, after 50 years, Canada should be able to recognize, with all the expertise we have today, all veterans and give them the care to which Canada committed itself back in 1914.

Without being emotional, I would like to mention something about my trip to France for the 40th anniversary of D-Day. As a Canadian, one is struck by the fact that even after 40 years there is still a very emotional bond between the French people and those Canadians who landed at Normandy on D-Day. It was gratifying to be able to say that you were a Canadian and that you participated in the event. Canada is considered a great country, and it is unfortunate that this bond is the result of suffering and war, but I think all Canadians who attended the anniversary services must have wondered how after 40 years such a bond could exist between veterans who served and made sacrifices and the people of these far off lands. I think we should all feel very humble while at the same time being proud that Canada did such a good job in achieving that goal.

It is significant that we are considering a bill which will have a positive effect on the final years of veterans. One of the other objectives of the bill is to recognize veterans who are under age 65 and who are not receiving, even though they are pre-aged 10 years, the full amount which they should receive. This program was to be phased in, starting three years ago, over a period of six years. However, the government in its wisdom has decided that it will eliminate the remaining two years of the phasing in period and provide equality for these veterans immediately. Once again, Senator Godfrey explained this provision very carefully and there is no need for me to repeat what he said.

I would like to mention a few of the 17 inequities corrected by this bill. Some of the amendments are relatively inconsequential but they eliminate administrative difficulties and anomalies. One very important one deals with the possibility that a veteran and his wife may have to live apart. The bill recognizes the increased expense that this imposes on both of them by the single rate, which gives each of them another $130 to live on. Only 120 recipients will benefit by this provision, but it removes an inconsistency which should have been recognized some time ago. This bill also recognizes the dissolution of a second marriage and allows for the reinstatement of widowers' benefits based on an earlier marriage. That is to say, previously, in a case where the wife died and the veteran remarried, he had to wait five years. That five-year period is eliminated and the relationship is recognized immediately. Another inequity or oversight was the fact that civilians who served in the Merchant Navy in Korean waters—and there are only a few—are now eligible for the civilian war allowance.

Previously, veterans who were not recipients and who had been convicted of an offence and sentenced to a term of imprisonment were not eligible to apply for an allowance. That veteran will now be able to apply and receive the allowance if it is for the purpose of supporting dependants or to assist in rehabilitation of the veteran. Although some people might object to such a provision, the concept of rehabilitation of convicts is recognized across the nation. Of course, the most important fact is that it is for the purpose of supporting dependants.

A few years ago the government decided to recognize World War I veterans who had less than 365 days' service in the United Kingdom, but they forgot those who qualified under the Civilian War Pensions and Allowances Act. They are correcting this inequity so that those who fall within this category, such as people who served in the Merchant Marine or off the coast of the United Kingdom, will qualify.

While these amendments are welcome, there are still some inequities in the act which should have been recognized long before now. I mentioned some of them the other day while introducing a motion. I have mentioned them in committee, which Senator Bonnell will remember. One inequity which I will never understand is the disparity in the allowance given to war veterans allowance recipients and the allowance given to disability pensioners. I have mentioned this inequity a number of times, but I think it should go on record as often as possible. The other day in committee, the minister said that he recognized that there were certain inequities and agreed that it is right that I should propose changes. But the answers I get are very hard to understand. Today a war veterans allowance recipient who is married receives a sum of $914.68 a month, which is reasonable and he deserves it. This allowance will increase by $50 per month when the GIS is applied. Strangely enough, a disability pensioner, the veteran who was wounded, receives the same amount as the war veterans allowance recipient. Actually it is $9 more. But the veteran who has 70 per cent disability was pretty seriously wounded.

• (1500)

Another anomaly which should be corrected is in the situation whereby when the recipient of the war veterans allowance

dies his widow is protected for 12 months at the married rate. However, following upon the death of a war veteran who was receiving a 70 per cent disability allowance, which amounts to $950.44, his widow will receive $100 less. She does not have a chance to adjust to the new circumstances. There must be something wrong with the system when one recipient receives preference over another. The minister has said that we are creating a different class of widow—something I cannot understand.

A 100 per cent disability pensioner receives $1,377 a month. The first month following his death his widow will receive the reduced sum of $814. A veteran who suffers exceptional incapacity, which takes him beyond the 100 per cent, may also receive an attendant's allowance, bringing the sum he and his wife receive to around $1,500 a month. However, following the veteran's death the amount his widow receives is reduced at the first of the following month by $700 to approximately $800. This situation has to be corrected. I recognize that a great deal of money would have to be spent in correcting the situation. However, after 50 years we should have a perfect act, even though I admit, as everyone does in Canada, that our legislation is equal to, or better than, that of most of the other countries in the world. This, however, does not excuse us from recognizing the fact that everyone must be treated equally.

There are certain veterans who are still complaining. As a result, new organizations are coming to the forefront. The fact is that we have not been able to find a means of adjudicating an application from a veteran in a reasonable length of time. This has been going on for many years now. In fact, it has been going on since pension and war veteran allowance legislation was first enacted.

In Toronto, a new group of veterans has been formed. They call themselves the "Suffering Veterans". This group has received letters from people across the country who display a bitterness towards the government in that it did not fulfil its commitment to them. The bitterness arises because many of these people were refused benefits. Something is wrong with the system when someone cannot accept the fact that a veteran was injured and is worthy of receiving a pension.

Another anomaly which has been created has to do with the Dieppe veterans. Many years after World Wars I and II the government agreed to commission Dr. Hermann to conduct a study with respect to the suffering of veterans in prisoner-of-war camps. It seems strange now to consider the fact that a scale was created whereby a person who was imprisoned for three months would receive just 10 per cent less than a person who was imprisoned for three years. Dr. Hermann's report sets out the effect of this imprisonment and, in some cases, it is pitiful to behold.

I hate to say it, but it seems that only now, just before an election, measures we have been asking for month after month are coming to the forefront. In the not too distant future we hope to see these inequities and discrimination factors corrected. Certainly, the most impressive one upon us now is with respect to the adjudication of pensions and the granting of disability pensions to those who cannot provide evidence of the fact that they were injured. It is not in their pay records; however, they are certainly suffering and the medical facts should bear that out.

Honourable senators, I cannot see how it will benefit us to refer this legislation to committee for study. We are dealing with the same inequities which have existed over many years. I would like to remind honourable senators that the Standing Senate Committee on Social Affairs, Science and Technology produced a report some years ago entitled "They Served—We Care" which impressed upon the government the six or seven main anomalies in the act which still exist and can be corrected. The impression I have 40 years after World War II is that in 1914 no one would ever have accused Canada of not fulfilling its obligations to veterans. If ever there was a time to correct the act, then that time should coincide with the 40th anniversary of D-Day. I hope that we can continue to impresss upon the minister and the government the need for further corrections to the act in order to recognize the service of our veterans.

Hon. Senators: Hear, hear.

Hon. M. Lorne Bonnell: Honourable senators, I would like to say a few words concerning this legislation. I notice that the bill is numbered Bill C-39 and that just last week we commemorated D-Day.

I would like to take this opportunity to congratulate Senator Marshall on his appearance on the CTV's "Canada AM" program. He added dignity to the Senate of Canada and we were honoured by his partaking in the beaches of Normandy celebration which commemorated the great battle of D-Day.

Like Senator Marshall, I feel Bill C-39 is a motherhood issue. It is a good piece of legislation. It sets out what our committee has been asking for for some years. The department is now taking steps to put many of our recommendations into this legislation. The department has taken the first recommendation from our report, "They Served—We Care", making it possible for the widows of war veterans to receive their pensions immediately after the death of their husbands. This is in contrast to the pensions gradually taking effect over a period of five years, which was something proposed in the previous legislation.

We are now seeing the expansion of veterans' programs in order to assist war veterans allowance recipients who are receiving old age security or guaranteed income supplements. These people will now receive extra benefits under the Aging Veterans Program. This program will be brought into effect gradually over the next few years. By 1988 all veterans will be eligible for benefits under the Aging Veterans Program.

The Aging Veterans Program has been in effect for the past three years with respect to certain disability pensioners. It is now being promoted and expanded to include those receiving war veteran's allowances. If you receive a war veteran's allowance after October 1, 1984, and are 75 years of age or over you will be eligible for benefits under the program. If you are a war disability pensioner and receive the war veteran's allowance you will now be eligible for benefits at age 65. After

January 1, 1986, the remaining war veterans' allowance recipients aged 65 to 74 will be covered. Following January 1, 1987, war veterans 65 years of age and older who are ineligible to receive benefits under the War Veterans' Allowance Program due to receipt of old age security benefits will become eligible for benefits under this program.

• (1510)

Basically, I want to say that I support this program. I think it is well worthwhile. There are still many things that need to be done. We who are members of the Social Affairs, Science and Technology Committee are looking into veterans' programs and their budgets at the present time and will be making further recommendations to the Senate. However, I do want to say that I would like to congratulate the Minister of Veterans Affairs for accepting our recommendations in the past, especially those respecting the widows of pensioners.

In this new legislation, I also notice another anomaly that has been corrected. If a war veteran has a child who is disabled and is now over 21 years of age, that child will still be eligible for a disability allowance provided that the disability took place before the child became 21 years of ago. Also, under this legislation, war veterans allowance recipients will now be able to use the sevices of the pension advocate. I would point out that previous to this legislation it was only the disability pensioners who were eligible for the free services of the pension advocate.

These amendments, then, make available many new services to veterans and to the widows and dependents of pensioners and will allocate a further $100 million towards the benefits for aging veterans. This new legislation will also benefit those civilian merchant navy personnel who took part in the Korean War, which is something that every senator in this chamber should support.

I would like to thank Senator Marshall for his strong work on our committee on behalf of veterans for the last three or four years. I hope that he will continue to work on their behalf. Even with these additional benefits, our work on behalf of veterans is not yet complete.

With those few remarks, honourable senators, I would like to say that I heartily support the bill.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will understand, if you listened to the debate on this bill, that Senator Godfrey will waive his right of reply under the rules. Therefore, honourable senators, on his behalf I am asking for second reading of this bill.

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?

Senator Frith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[*Translation*]

PRIVATE BILL

STADACONA MINES (1944) LIMITED—SECOND READING

Hon. Martial Asselin moved the second reading of Bill S-16, an Act to revive Stadacona Mines (1944) Limited and to provide for its continuance under the Canada Business Corporations Act.

He said: Honourable senators, the purpose of Bill S-16 is to revive Stadacona Mines (1944) Limited. In this sense, this private bill is similar to other private bills introduced in the Senate and enacted into law during the last session of Parliament. However, the particular facts relating to this bill set it apart, in some respects, from the other private acts to revive companies that were passed by Parliament.

Unlike the previous companies that were revived by Parliament, which were all privately owned, the company that is the subject of this bill was, at the time of its dissolution, publicly owned. On September 19, 1970, when it was dissolved, Stadacona had 6,900 shareholders.

Another fact to be noted in connection with this company is that ten years prior to its dissolution, the company had suffered heavy financial losses due to fraudulent acts on the part of certain persons who were directing the company.

Stadacona was incorporated in 1944. Its head office was in Montreal. Until 1958, it had been operating a gold mine in northwestern Quebec.

In 1960, the president and three other directors of Stadacona defrauded Stadacona of assets amounting to approximately $300,000. The Ontario Securities Commission, acting on a complaint of a shareholder about the fraud, seized certain shares owned by Stadacona. These shares are still held by the Ontario Securities Commission. The individuals involved were convicted of fraud and imprisoned.

After discovery of the fraudulent actions, the shareholders elected a new board of directors with a mandate to locate and recover the assets of Stadacona. Since most of the corporate records, except for the share register kept by the Canada Permanent Trust Company, were misplaced, the directors experienced difficulties in locating the assets. They, however, brought several law suits and recovered some assets.

One of the actions that was commenced was an action in the Quebec Superior Court in Montreal to recover certain loans made by Stadacona. That action is still pending.

Stadacona failed to file for two consecutive years the annual summaries that it was required to file under the Canada Corporations Act, due to an oversight on the part of its directors. As a result, Stadacona was dissolved on September 19, 1970. Stadacona did not carry on active business following its dissolution.

In 1981, the petitioner, Mr. I. Davis Fleming, a former director and solicitor for Stadacona, became aware that the defendant in the Quebec action had undergone a corporate reorganization and would have sufficient assets to satisfy a judgment against it. He, therefore, brought a petition in the

Federal Court of Canada for the issuance of Articles of Revival under the Canada Business Corporations Act. The petition was dismissed on the grounds that the Canada Business Corporations Act does not contain a provision permitting the revival of Stadacona under that act. The Federal Court ruled that Stadacona can only be revived by a special act of Parliament.

The Petitioner has presented a petitition to Parliament in order to revive Stadacona, thereby enabling it to resume the litigation it had commenced in 1960 and to obtain release of the shares seized by the Ontario Securities Commission.

Again, the facts surrounding this bill make it slightly different from those earlier bills that were approved by Parliament. The intent of the revival of the company is not to continue to carry on the business of the company, but simply to recover its assets and have them distributed proportionately among its shareholders of record.

The bill would revive Stadacona with retroactive effect to the date of its dissolution. The Bill would enable Stadacona to apply for continuance under the Canada Business Corporations Act within three months of the special act coming into force and would oblige it to hold a meeting of its shareholders within six months. If the application for continuance is not made or if the shareholders' meeting is not held within these time limits, Stadacona would be automatically dissolved under the provisions of the bill.

Honourable senators, since this is a private bill, it will be necessary for a Senate committee to consider the facts relating to the petition as set out in the preamble of the bill. In addition, the committee will no doubt want to examine the text of the bill.

Honourable senators, I would propose, if second reading is granted, to ask that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): The government supports second reading of this bill and the reference of the bill to the Standing Senate Committee on Legal and Constitutional Affairs, as suggested by Senator Asselin for the reasons proposed by him.

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?

Hon. Martial Asselin: Honourable senators, I move that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[Senator Asselin.]

Motion agreed to.

• (1520)

INTER-PARLIAMENTARY UNION

SEVENTIETH ANNUAL CONFERENCE, SEOUL, KOREA—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the Seventieth Annual Conference of the Inter-Parliamentary Union held at Seoul, Korea, 4th to 12th October, 1983, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada, and to the delegation's visit to China and their meetings with the officials of that country.—(*Honourable Senator Asselin, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am not sure if Senator Rowe wishes to speak on this order today, but perhaps he can enlighten us.

Hon. Frederick W. Rowe: Honourable senators, I intended to make a few comments on this order but I see that many honourable senators have a great deal of activities and commitments for today—

Hon. Duff Roblin (Deputy Leader of the Opposition): You mean they are not here.

Senator Frith: We can stand it again in Senator Asselin's name—

Senator Rowe: My comments are very brief, and if there is no objection I should like to speak to this matter now.

Senator Roblin: Honourable senators, I can safely speak for Senator Asselin on this matter and suggest that my honourable friend could make his contribution now with the consent of Senator Asselin and some of the rest of us.

Senator Rowe: Honourable senators, during the fall the Inter-Parliamentary Union met in Korea, and when the Government of China was apprised of that meeting, one of its agencies invited the Canadian delegation to visit China as a guest of that government.

Senator Bosa, who was the senior senator of the Canadian delegation, has already given a fairly exhaustive and comprehensive report, so I shall not be repetitious. Senator Bosa is not present in the chamber at the moment, but I should like to congratulate him because his contributions to the IPU meetings in Korea were first class and drew the admiration of all those present. I should also like to pay tribute to the other members of the Canadian delegation, Senator Asselin and the members of the House of Commons. The Canadian delegation was chaired by Marcel Prud'homme, a member of Parliament, whose dedication and organizing ability were manifested repeatedly during those important meetings.

I should like to say a few words about the Inter-Parliamentary Union itself. It occurred to me today when I was cogitating on these matters that we have been spectators in the past

few years to what one could almost call the demise of the United Nations. A number of years ago when I was in Geneva I visited the building where the League of Nations had its headquarters and I had the same feeling as Senator Macquarrie had when he went there, that it was as if I were visiting a graveyard. Certainly that structure represents a graveyard of humanity's hopes and goodwill.

Following World War II, the United Nations came into being and with that came great hopes and expectations. There is no doubt that during the past 30 years it did achieve many things in the interests of world peace. Unfortunately, in my opinion, and I believe it is one that is shared by all who are familiar with United Nations work, the contribution of that body to world peace has been more and more ineffectual and ineffective in recent years. It seems to me that this enhances the necessity for us to give increasing support to other international bodies like the Inter-Parliamentary Union where you have a great majority of the parliamentary democracies—and some of them are not all that democratic—represented. There is no doubt, in my opinion, that the Canadian delegation in Korea was impressed by the fact that contrary to what many people think, and based possibly on the fact that the vast majority of our people do not know anything about these organizations like the IPU, that organization, as well as the Commonwealth Parliamentary Association, is making great contributions, although some of those contributions are in modest ways. Nevertheless, they are making them. This becomes all the more necessary in view of what I have already alluded to, namely, the decline and near demise of the body that was set up with such high hopes in 1945.

I am not going to belabour this point because it is so obvious, but there is probably more strife throughout the world today than at any time in history. I think we have to face up to the fact that the danger of a universal conflagration is increasing every day. Perhaps some of you saw the program on the CBC last evening and the evening before about the effect of the nuclear threat on small children, which was appalling to parents and to other people who are concerned about the welfare of children. Sooner or later a mistake will be made. Sooner or later a madman or another Hitler will get control of the button. It may be two days or twenty-five years away, but the fact that we have survived with the nuclear bomb since 1945 does not in any way interfere with the law of probability which says that unless we do more than we are doing to control this monster, we are going to have a nuclear war. I do not want to sound emotional about this because we have to be objective about the effects of a nuclear war.

At this point I should like to take issue with the film "The Day After" which so many people praised and thought was so realistic. The film showed that the day following the nuclear war, people were walking around in the sunshine. What were they breathing? With a full-scale nuclear war, there will be nothing left to breathe. Certainly the sun will not be shining.

The reliance on deterrents is not enough. There is no guarantee that they are going to continue. The importance of international bodies like the IPU and others is increasing, and the fact that they do exist suggests that we ought to be taking more and more advantage of them.

• (1530)

During the sessions in Korea, I spoke on two major points. I have already referred to one, and the other concerned the fact that today our youth are confronted by a world which offers no opportunity for them. I believe that the figure of unemployed youth across Canada, given as 20 per cent, is far too low. In Newfoundland the unemployment figure for youth is probably 50 per cent; and for anyone to suggest that the situation exists because our youth are too lazy to work or are not interested in working is totally irresponsible and, I would suggest, totally stupid.

During the Second World War our young people were not too lazy to work, and they were not too lazy to work even 10 or 15 years ago. The truth is that there is no work for them. This situation, honourable senators, cannot continue, because if it does there will be an explosion. It will not be a nuclear explosion, but nevertheless an explosion, and we must face up to that fact.

Already we are on the receiving end of some undesirable consequences. In our own environment hardly a night goes by that there is not a robbery with violence or on assault of one kind or another. That was unknown a few years ago. We cannot have thousands of young people, aged from 16 to 24, with no money in their pockets, and with no earning power. That path spells disaster and suicide for a community. Yet that is the situation that now exists. Young people are reaching the point of desperation, and many of them are resorting to unsocial activities of one kind or another.

Before resuming my seat I shall point out that civilization as we know it is a very fragile thing. I am not sure that we have entirely learned the lessons of World War II. At that time we had one of the most "civilized" countries in the world, certainly one of the ablest countries in the world, and one of the most advanced in education and technology, in the space of a few years coming under the domination of a madman. German civilization was destroyed in the space of a few years, and had it not been for D-Day and associated actions civilization would have been destroyed worldwide.

Torture, tyranny and terrorism have now become almost worldwide—universal. Is there anything that Canada can do about it? I believe there is. She has an enviable history of spearheading social development, education, social welfare, et cetera, certainly over the past 100 years. Despite our problems, we are still one of the most advanced and prosperous nations in the world, and it is our duty to continue to spearhead social development at all levels and in all categories of our population. We have to assist other less well off countries in intelligent ways to overcome their problems; yet some of our assistance in the past has not been too intelligent. We should try to do something about poverty, disease, malnutrition and overpopulation, since such conditions are threatening us on a global scale. The fact of the matter is that the world today is facing more danger than at any time in its history, and we

must do more to overcome those dangers than we have done over the past few years.

On motion of Senator Asselin, debate adjourned.

CREE-NASKAPI (QUEBEC) BILL

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, June 13, 1984

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTEENTH REPORT

Your Committee, to which was referred Bill C-46 intituled: "An Act respecting certain provisions of the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement relating principally to Cree and Naskapi local government and to the land regime governing Category IA and Category IA-N land", has, in obedience to its Order of Reference of Wednesday, June 13, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN NEIMAN
Chairman

THIRD READING

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

Hon. Charlie Watt: 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 *pro tempore:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): It is worth mentioning for the record that the study of this particular bill has been rather unusual. The committee has heard the Indian Affairs Department and band officials directly concerned with this bill. It has received adequate answers to its questions. The House of Commons has gone through the three stages of this bill very quickly, following discussions which had been held between representatives of the concerned parties, namely, the Indian Affairs Department and the bands. Since yesterday, we have had here on this side very worthwhile discussions. Special circumstances have prevailed upon us to give this bill a privileged treatment. I simply want to put on the record that we are satisfied with the way this matter was dealt with, having received full information and co-operation from the interested parties.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn.

Hon. Jacques Flynn (Leader of the Opposition): May I ask the Deputy Leader of the Government what is on the menu for tomorrow? I understand that the Senate is going to adjourn as usual until 2 o'clock tomorrow afternoon. There is no bill for us to deal with since Bill C-46 has just been given third reading. I suppose that the bills which were given third reading today will be given the Royal Assent some time tomorrow. Is there anything else the Senate will have to deal with tomorrow?

Senator Frith: We shall only have to deal with the ordinary items on the order paper as well as the third reading of Bill C-16. Now, Senator Marshall seems to indicate that we shall proceed with third reading of Bill C-39 as well as two other bills. We shall also have Question Period and Royal Assent.

[*English*]

Senator Flynn: Bill C-16 was given third reading today.

Senator Frith: Yes, you are quite right. Tomorrow Bill C-39 will be given third reading. We hope to have Royal Assent at 4.30 instead of at 5.45 tomorrow afternoon.

Senator Flynn: Great progress!

Senator Frith: It is progress; the question of how great it is is a matter of individual opinion.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 14, 1984

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

Prayers.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Wednesday, June 20, 1984, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

[*English*]

Senator Frith: Before the adjournment motion is agreed to, perhaps honourable senators would like to have an idea of our schedule for the next couple of weeks. The plan for next week is to sit on Wednesday afternoon at 2 o'clock, rather than on Tuesday, and to be ready to deal with any legislation that may come to the Senate that week. I can tell honourable senators that, on the basis of information I have received, three or four bills have reached the report stage in the other place and could come to us by next Wednesday.

On June 12, Bill C-5, to amend the Radiation Emitting Devices Act, was reported from committee without amendment; Bill C-40, to amend the Old Age Security Act, was reported from committee with one amendment; and Bill C-33, to amend the Western Grain Stabilization Act, was reported from committee without amendment. Yesterday the house reported, with two amendments, Bill C-37, to amend the National Housing Act, and continued debate on Bill C-9, to establish the Canadian Security Intelligence Service.

Honourable senators, the meeting of the house leaders scheduled for yesterday was cancelled, but I believe it took place today. I have no further information as to whether agreements were made respecting any of those bills, but all of them could possibly reach third reading. Should it turn out that the House of Commons has no legislation to send us and that we have no other reason to stay after next Wednesday, we will arrange our sittings accordingly.

For the final week until the summer adjournment on June 29, the proposal is to be ready to sit five days if necessary in order to clean up outstanding business. It would mean sitting on the Monday evening at 8 p.m. and the rest of the week at 2 p.m each day.

There is one question mark about that. St. Jean Baptiste Day, which, as honourable senators know, is June 24, this year falls on a Sunday. I understand it is not provided in legislation or in the rules of the other place that when the holiday falls on a Sunday it shall automatically be celebrated on the Monday. The other house may very well be sitting that day, and that is why honourable senators would return that evening. If the other house sits, we may receive some of those bills, and that would give us something to do Monday evening. If I am incorrect about that, then we would possibly return on Tuesday of that week at 2 p.m., if it appeared that we might have some business to deal with. I repeat that there is a question mark concerning that week, but the plan at present is for the Senate to sit five days that week commencing on the Monday at 8 p.m.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, we will be glad to co-operate in facilitating passage of legislation. However, I wonder if my honourable friend can be a little more definite as to what bills we might expect to receive next Wednesday. We need to know in order that we may be prepared to discharge our function. If we are to have a steady stream of legislation, as my honourable friend hopes, I would like to have more specific advice as to what we may expect to receive on Wednesday. Bills that are under amendment in the other place may take some time in Committee of the Whole. But what about the others? Can the Deputy Leader of the Government offer any assurance as to which bills we may receive on Wednesday?

Senator Frith: Honourable senators, I wish I could be more definite. As honourable senators know, the normal practice in the other place is that the three house leaders meet after caucus and, if possible, agree on the bills that will receive priority and perhaps agree as to their passage. As I mentioned, that meeting did not take place this week. Before I entered the chamber this afternoon I sought information as to any such meeting today, but none was available. Should I receive information later today, I will place it on the record. If I am unable to do so, I will ensure that opposition officers and as many honourable senators as possible are notified of what legislation can be expected. In the absence of knowing what deliberations have taken place in the other place, I can only speculate. It is possible that one of the bills we are likely to receive will be Bill C-5, to amend the Radiation Emitting Devices Act. Another might be Bill C-37, to amend the National Housing Act. We might also receive the Western Grain Stabilization Bill. I have no information regarding C-40, to amend the Old Age Security Act. On the basis of how the other place has dealt with those bills, it is possible that Bill C-37 might come to us for consideration.

Senator Roblin: I am inclined to persist in this line of questioning because of the fact that the house leaders in the other place did not meet after caucus.

Senator Frith: It is possible that they did meet today. I was told that they were going to meet, but I have been unable to obtain more definite information.

Senator Roblin: If no legislation is forthcoming from the other place on Wednesday, what would be the intention of the Deputy Leader of the Government?

Senator Frith: If there is no legislation from the other place and no other reason for prolonging the sitting of the Senate, we would adjourn next Wednesday until the following week on the basis of any information I might have at that time. In other words, we want to be ready to sit and, as the Deputy Leader of the Opposition has said, to co-operate in processing legislation; but we do not need to sit just for the sake of sitting.

Senator Roblin: I had it in mind to give the Deputy Leader of the Government more elbow room with respect to this matter. Instead of adjourning until a time certain on Wednesday, perhaps we could leave it open so that if nothing happens the Senate need not sit. If something does happen, then my honourable friend can use the regular procedure to summon the Senate, even though we had not adjourned to a time specific.

So, as I say, I would like to leave him a little elbow room and if he finds the bills are ready, then, of course, we will be here, but if they are not available it seems a bit questionable as to whether senators should come from all parts of the country to meet when there is no specific business. I would like to allow my honourable friend the discretion of calling the Senate if there is work. If there is no work to be done, then there is no need to call it.

• (1410)

Senator Frith: Honourable senators, perhaps I did not make it clear that I feel we will get some legislation, but if as a result of the meeting it appears very unlikely we will get any legislation, I shall ask for leave both to revert to Motions and to make the appropriate motion.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. Lowell Murray: Honourable senators, I have a question for the Honourable Leader of the Government in the Senate. First, I have some bad news and some good news to convey. The bad news is that the bank rate has gone up again today to 11.84 per cent. The good news is that the people of Canada will not have to endure for many more months the ruinous economic policies of the Liberal government—

Hon. Royce Frith (Deputy Leader of the Government): And proceeding in the same objective vein?

Senator Murray: —which have caused this rise in interest and inflation in this country.

Hon. H. A. Olson (Leader of the Government): You have destroyed your question with an erroneous preamble.

Senator Murray: The trend of the bank rate has been almost relentlessly upward for many months. When the bank rate was at 10.56 per cent on March 20, the Deputy Leader of the Government described it as a "temporary mutation." Indeed, it did turn out to be temporary—it went from 10.56 on March 20 to 11.84 per cent today. In putting a question to the Leader of the Government I want to draw to his attention a very important statement in Mr. Lalonde's budget document entitled "The Canadian Economy in Recovery" which reads:

> A crucial aspect of the medium-term projection is the underlying view of moderate sustained declines in interest rates—

Hon. Duff Roblin (Deputy Leader of the Opposition): Good luck!

Senator Olson: At the time it was true.

Senator Murray: Now that that assumption has blown up in the government's face, will the minister indicate whether the government is re-examining the policies set out in Mr. Lalonde's budget or whether we will soon have a supplementary document taking account of the fact that a central assumption in the Finance Minister's budget has exploded in his face.

Senator Olson: I suppose it would be convenient for us to adopt the technology that is used in televising sporting events, the instant replay, because replays are appropriate for questions which, though they might have a different date and slightly different numbers, are exactly the same. The instant replay would also give the appropriate reply, which is exactly the same, too.

Senator Roblin: That is the problem.

Senator Olson: The Minister of Finance made an assumption, as any minister of finance has to do, on the basis of the circumstances that he and his advisers see around him at any given time. Even in retrospect they were appropriate at the time and, as a matter of fact, they may not be inappropriate even now so far as this matter is concerned. I do not think the Minister of Finance ever said that he was going to somehow take control of interest rates, because that is a major decision and a major departure from allowing the marketplace in various countries to set the rate, which depends on a number of other factors also controlled by actions in the marketplace. If the spokesman for the opposition believes that it is not an appropriate route for the government to follow, then he should state that that is what he is in favour of, instead of asking the question, "What are you going to do in these situations?"

Senator Murray: What are you going to do?

Senator Olson: The situation has an implication for which he should take responsibility, that is, the opposition believes there is something the government ought to do, for example, something along the lines of monetary or international exchange controls. That is to say, interfering with the free flow of capital and, indeed, the free functioning of the marketplace with respect to these factors. If that is what the honourable senator is in favour of, then there is a great deal of validity to his question; if that is not what he is in favour of, then it is just useless rhetoric.

Senator Murray: I say to the Leader of the Government that he has not denied—because there is no denying the obvious—the central point of my question that a fundamental assumption upon which Mr. Lalonde's policies and projections were based when he brought in his budget have now exploded in his face. With respect to the fundamental assumption, as the Minister of Finance said:

> A crucial aspect of the medium-term projection is the underlying view of moderate sustained declines in interest rates—

That has not happened; in fact, the contrary has happened. The budget has blown up in his face. My question to the Leader of the Government—and I think it is a legitimate one—was with respect to what the government intends to do faced with this situation.

While I am on my feet, I will put a related question to the minister. It concerns comments made by his colleague, the Minister of Finance, just after the economic summit in London. Mr. Lalonde was quoted as having attacked the United States administration for its share of the responsibility for increasing interest rates; interest rates there being related, of course, to the United States deficit. My question to the Leader of the Government is: How can Mr. Lalonde credibly attack the size of the United States deficit when Canada's deficit, as a percentage of our gross national product and on a per capita basis, is higher than that of the United States?

Senator Olson: Honourable senators, whether Senator Murray wishes to make his argument on a per capita basis or not is probably useful in terms of that argument.

Senator Murray: And as a percentage of GNP.

Senator Olson: Well, that may be—

Senator Murray: That is even more important.

Senator Olson: The fact of the matter is that lower interest rates are related to what happens in the United States because, of course, that country has by far the largest financial market and, indeed, the largest economy centralized in one unit in the world. There is no question about that. The influence of that market on interest rates is well known as being profound.

With respect to whether or not there is a per capita relationship in Canada, or in any other country, the fact is we do not have the same influence on the United States and, therefore, on international interest rates as does the marketplace in the United States.

Senator Murray: Surely the Leader of the Government is not arguing that the size of the Canadian deficit has no influence at all on interest rates in this country. Is that the minister's argument?

Senator Olson: No.

Senator Murray: I think the Leader of the Government knows that it is government demands on the money markets in this country which have been most significant in recent months and that but for those demands, arguably, the upward pressure on interest rates in this country would be less than it has been. This is the case because the demands from the private sector have not been that great. Does the minister disagree with that?

Senator Olson: You can argue all of those points around the periphery. However, the central factor determining interest rates in the international market—in the world—is the effect of what I described a few moments ago as the largest financial market in the world, that being the United States. However much you wish to argue around the periphery of that point, it does not change the fundamental truth of the matter.

● (1420)

HUMAN RIGHTS

JAPANESE-CANADIANS—GOVERNMENT APOLOGY AND COMPENSATION

Hon. Stanley Haidasz: Honourable senators, I would like to ask the Leader of the Government in the Senate to take this chamber into his confidence and tell us what the government has decided to do with respect to the claims of Canadians of Japanese origin who were mistreated in this country during World War II.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am not sure whether the government has a new statement or an additional statement to what was said some time ago by the Prime Minister. However, I will make some inquiries with respect to that.

Senator Haidasz: I have a supplementary question. Can the minister tell us whether the press report attributed to the Minister of State for Multiculturalism a couple of days ago is true or not? This report referred to compensation and spoke in terms of an apology and the setting aside of certain sums of money for an institute of racial relations.

Senator Olson: Everything that any minister in this government says is true, of course. I was aware that that statement had been made and I thought it was self-explanatory. That is why I am curious as to what further explanation the honourable senator is looking for.

Senator Haidasz: I would like to know whether or not Mr. Collenette's statement is a statement of government policy.

Senator Olson: Yes, in this case, Mr. Collenette, the Minister of State for Multiculturalism, spoke for the government.

LIBERAL PARTY OF CANADA

LEADERSHIP CONVENTION

Hon. Robert Muir: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. I understand from certain published words that the leader is not supporting someone by the name of John Turner in the leadership campaign of the Liberal Party and is supporting Mr. Chrétien, I believe. I would like to ask the Leader of the Government in the Senate, if it should possibly happen that Mr. Turner becomes the new leader of the party—

Hon. D. G. Steuart: You may not even be here!

Hon. Raymond J. Perrault: It is back to the drawing board for you.

Senator Muir: Little Davie has a squawk, no matter whether it is on television or where it is. In any event, may I ask the Leader of the Government in the Senate, if events should develop as I have outlined, will he be one of the first to be dropped from the new cabinet?

Hon. H. A. Olson (Leader of the Government): Did you say "adopted" or "dropped?"

Some Hon. Senators: Oh, oh.

Senator Olson: I did not hear that last by-play—

Senator Muir: That was because little Davie was squawking again.

Senator Olson: There is one thing that is very consistent about the opposition, and that is that the premise to the questions they ask is doubtful.

Senator Muir: I have a supplementary question. Perhaps the minister is aware that by being close to him—in fact only a few feet away—and listening to him, that attitude rubs off. It is like some sort of contagious disease.

WAR VETERANS ALLOWANCE ACT
CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-39, to amend the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act, and certain other Acts in relation thereto.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

14 June 1984

Sir,

I have the honour to inform you that the Right Honourable Brian Dickson, Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 14th day of June, 1984, at 4.30 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

ABORIGINAL PEOPLES OF CANADA

MOTION FOR APPOINTMENT OF SPECIAL SENATE COMMITTEE—DEBATE CONTINUED

On the order:

Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator McGrand:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;

That the Committee be composed of eight Senators;

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

That the Committee have power to travel from place to place within Canada; and

That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Cottreau*).

Hon. Ernest G. Cottreau: I yield to Senator Steuart.

Hon. D. G. Steuart: Honourable senators, today I will make a few points in support of my colleague, Senator Charlie Watt, concerning the motion for the appointment of a special committee on aboriginal issues.

The other day we listened with great interest to a speech given by the Honourable Senator Roblin on this matter, and we are happy to see the importance that he attaches to this

question. He did a most eloquent job in listing some of the many issues confronting both the native people and the country as a whole.

However, I was somewhat confused by his final conclusion that the entire matter should be referred to the Standing Senate Committee on Social Affairs, Science and Technology, as his recommendation does not appear to flow from the conclusions of his own argument. In fact, the very importance of this issue, as demonstrated by Senator Roblin, is, in my opinion, by itself the driving force behind the argument for the appointment of such a committee.

Senator Roblin states in his speech that the matter has already received exhaustive study and consideration at various forums and numerous levels. He cites that the recent report released by a House of Commons subcommittee chaired by the Honourable Keith Penner refers to the current constitutional reform process as it relates to the aboriginal peoples, and to the movement towards the creation of two new territories out of what is now the Northwest Territories. He also mentioned the vast amount of work which the government has proceeded with since 1975. All of that, in my opinion, simply goes to prove that an issue of such importance deserves greater attention by the Senate.

Senator Roblin suggests that the important issues facing the aboriginal peoples can be adequately handled by the Standing Senate Committee on Social Affairs, Science and Technology, yet it is easy to see that that committee is already burdened with a great many issues ranging from veterans affairs to housing. In fact, that committee is responsible for such major and diverse issues as health and welfare, consumer affairs, cultural affairs and the arts, pensions, fitness and amateur sports, employment and immigration, social and labour matters, other general matters relating to science and technology and, of course, Indian and Inuit affairs.

It is indeed difficult to understand how a committee which is so obviously overburdened can give sufficient attention to an issue which occupies the attention of the first ministers on an annual basis, of a standing and subcommittee of the other house of Parliament, and of several line departments of the federal government. By referring this matter to the committee on Social Affairs, Science and Technology, I believe the Senate will in fact be saying that it does not accord to aboriginal issues the same importance that the rest of the country does at the present time.

• (1430)

Honourable senators, we must acknowledge that aboriginal issues merit their own committee if Senate efforts in this area are to have any credibility with the aboriginal peoples of Canada. In addition, if the Senate is to continue to prove its worth, we must be ready to respond to new developments in and new needs of this country. As was so amply illustrated by Senator Roblin's argument, aboriginal issues are surely one of these new concerns. That is not to say that the Senate should simply jump on the bandwagon of examining aboriginal issues. Instead, we should play a role for which we are uniquely qualified. By so doing we will be providing a forum for a long-term approach to aboriginal issues, as well as providing a mechanism for the development of innovative concepts.

While Senator Roblin rightly states that much work has already been carried out in this area, much work remains to be done because the necessary solutions have not yet been fully developed. The Penner report is a good example of this. While it will obviously have significant impact on the evolution of thought now taking place regarding the role and place of the aboriginal peoples in Canada, it can by no means be accepted as a final arrangment, even for those Indian nations which have supported this approach. Moreover, anyone following or listening to the proceedings of the last two first ministers' conferences on the Constitution will have heard time and time again arguments by provincial premiers that much work remains to be done on the concept of aboriginal self-government. Many such statements were made by premiers after the release of the Penner report and the government's reply. If you read, and I am sure most of you did, the Penner report and the government's reply, I think you would be as confused as I am as to what real conclusions they came to. Even among various aboriginal groups and nations there is a serious debate as to the direction in which they and their societies should be moving over the next few years. It is only too obvious that the Senate can, and should, make an important contribution in this area. However, it can only do so credibly by devoting sufficient time and attention to it, and that comes with a special committee dealing with aboriginal issues.

The Senate should move quickly on this matter in order to prove to the aboriginal peoples and the country as a whole that it is capable of responding to the changing times and needs. While other forums may be dealing with the specifics of the various issues facing the aboriginal peoples, it should be our responsibility to ensure that new ideas and innovative concepts are fully cultivated and explored in all their ramifications. Otherwise, the government, as well as the aboriginal peoples may, at this crucial time, grasp at concepts which have not yet been given the opportunity to mature fully. I am convinced that we in the Senate can, and should, play a major role in the serious debate concerning the future rights of aboriginal peoples and their specific problems. I ask for the unanimous support of the Senate in appointing this committee on aboriginal issues.

On motion of Senator Watt, debate adjourned.

MISCELLANEOUS STATUTE LAW AMENDMENT PROPOSALS

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ADOPTED

The Senate proceeded to consideration of the Twelfth Report of the Standing Senate Committee on Legal and Constitutional Affairs, which was presented on June 12, 1984.

Hon. Joan Neiman moved that the report be adopted.

She said: Honourable senators, as you know, the Standing Senate Committee on Legal and Constitutional Affairs has submitted its report with respect to certain proposals tabled in

the Senate on March 27, 1984. Those proposals are part of the Miscellaneous Statute Amendment Program of the Department of Justice, a program which was instituted some years ago to deal, in an expeditious way, with the correction of anomalies, inconsistencies, archaisms and errors that, inevitably, seem to occur in federal statutes. In addition, the proposals may include substantive amendments of a non-controversial and uncomplicated nature provided that they do not create new offences or call for the expenditure of public money.

As was explained to the committee, the intention of this program is to have proposals, which presumably meet the foregoing criteria, submitted to parliamentary committees for pre-study. If, however, those committees object to any of the proposals, they may delete or amend them. Then, those which they approve are submitted in bill form to Parliament at a later date where, it is hoped, their pre-study will ensure quick passage into law.

After considerable study in committee, including two meetings with officials from the Department of Justice and from various other departments which would be affected by the proposals, your committee is satisfied that almost all of the proposals do, indeed, fall within the aforementioned criteria and has now reported to that effect.

While many of the 79 clauses in the document are substantive in nature, the explanations of the appropriate departmental officials have satisfied us with respect to their uncomplicated and uncontroversial nature, with two exceptions. The first has to do with a proposed amendment to the Citizenship Act, which would have expanded provincial regulatory power over the acquisition of real property by aliens. While your committee does not wish to express a final opinion as to the usefulness of such an amendment, we do believe that it merits detailed study beyond the bounds of this Miscellaneous Statute Amendment Program. Accordingly, your committee has recommended its deletion from the proposals.

The second exception has to do with proposed amendments to the Trademarks Act and to the Patent Act, which would have allowed delegation of powers, duties and functions by the Commissioner of Patents and the Registrar of Trademarks to "any person." Your committee was concerned with the apparent unlimited scope of these proposals and has accepted an undertaking from the Chief Legislative Counsel of the Department of Justice that that particular phraseology would be amended before the proposals are submitted to Parliament in draft bill form so as to define more precisely the kind or grade of officer to whom the powers set out in the amendments to the two acts could be delegated.

Your committee has also recommended two other amendments to the proposals, which deal with matters brought to our attention during the deliberations by the Department of Justice, one of which corrects certain inconsistencies in the Canada Evidence Act brought about by other recent statutory amendments and the other is simply a minor amendment to the Corporations and Labour Unions Returns Act.

[Senator Neiman.]

Beyond these changes outlined in our report, your committee has no objection to the other proposals.

Motion agreed to and report adopted.

● (1440)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving that we adjourn during pleasure to reassemble at the call of the bell, I have been informed that the meeting of the house leaders to which I referred earlier did not take place today. At this moment Senator Petten is trying to find out the likelihood of our receiving some legislation next week. I suggest that honourable senators check on this, because if it seems likely that we will not receive any legislation next week I will likely recommend that we accept Senator Roblin's suggestion and simply adjourn to the following Monday. We could come back at the call of the Chair, if necessary.

I repeat that it has been indicated to me that it is likely we will receive some legislation. If after Royal Assent and before the adjournment today the leadership in the house informs us that there is no chance of our receiving any bills in the meantime, I will ask for consent to withdraw the prior motion and move another in accordance with the suggestion made by Senator Roblin.

By way of notice, as things stand the Senate will be adjourned to Wednesday of next week at 2 o'clock, although there is still the possibility that we could follow Senator Roblin's suggestion.

The Senate adjourned during pleasure.

At 4.30 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Brian Dickson, Chief Justice 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 Speaker, the Right Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to apply the customs and excise jurisdiction of Canada to the continental shelf of Canada and to amend certain Acts in relation thereto or in consequence thereof (*Bill C-16, Chapter No. 17*)

An Act respecting certain provisions of the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement relating principally to Cree and Naskapi local government and to the land regime governing

Category IA and Category IA-N land (*Bill C-46 Chapter No. 18*)

An Act to amend the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act and certain other Acts in relation thereto (*Bill C-39 Chapter No. 19*)

An Act to provide for the creation by amalgamation of The Wesleyan Church of Canada (*Bill S-15*)

The House of Commons withdrew.

The Right Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. Léopold Langlois: Honourable senators, before moving the adjournment of the Senate, I would like to inform you that I have received information from the other place to the effect that it is very likely we will be receiving legislation when we come back next week.

The Senate adjourned until Wednesday, June 20, 1984, at 2 p.m.

THE SENATE

Wednesday, June 20, 1984

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tempore*, in the Chair.

Prayers.

NEW BRUNSWICK

BICENTENNIAL CELEBRATION

Hon. Cyril B. Sherwood: Honourable senators, I take pride in bringing to your attention a matter of great importance to those Canadians living in New Brunswick. This year marks the bicentennial of the establishment of the province of New Brunswick. It was on June 18, 1784, 200 years ago last Monday, that by an order in council signed by His Majesty King George III the New Brunswick that we know today came into being. At that time the emerging population of Loyalists and Acadians was deemed sufficiently politically mature to be granted its own territory, its own province separate and distinct from Nova Scotia.

To commemorate this historic event, the people of my province have been celebrating in their various communities since January 1. The celebrations are in keeping with the customs and traditions of the particular region, and the culture and traditions that exist within the given communities.

The New Brunswick Bicentennial Commission has had for its mandate the task of motivating and co-ordinating events and activities to commemorate suitably this year-long celebration of the province's 200th anniversary. The commission was funded jointly and equally by the provincial government of New Brunswick and the federal government.

Under the publications program of the New Brunswick Bicentennial Commission, in conjunction with the Department of Cultural and Historic Resources of the province, some 70 books on the local history and heritage of the people of New Brunswick will have been published during this bicentennial year.

Some 400 special projects of a regional or provincial nature, funded on a grant basis by the commission, will also have taken place during the course of the year. In this year, marking this historic anniversary, New Brunswickers are proud that they will receive Her Majesty Queen Elizabeth II and His Holiness Pope John Paul II. New Brunswickers are also delighted that they will receive visits from some of the tall ships making their way in the parade of sail to the province of Quebec to participate in the celebrations commemorating the 450th anniversary of the arrival of Jacques Cartier.

Honourable senators, I bring this matter to your attention because just the other day, while I was attending a particular function at the Norton Post Office in my lovely County of Kings, a young grade 4 schoolgirl named Tammy Gilchrist of Norton, who obviously is enthusiastic about events taking place in the bicentennial, portrayed by a crayon sketch how appropriate it would be for a stamp containing in its design those two great ingredients much enjoyed by all Brunswickers and, indeed, by Canadians generally, namely, fish and fiddleheads. The Honourable Roméo LeBlanc, on behalf of the Postmaster General, unveiled a stamp commemorating the bicentennial of the Province of New Brunswick in the province's capital on Monday, June 18. I trust that this stamp will suitably reflect the aspirations of all New Brunswickers and the pride they feel as they look back upon the 200 years of New Brunswick history. However, I did want to mention how appropriate it was for that keen and perceptive young person to think of a stamp as being a fitting way to recognize the province's anniversary celebration.

Honourable senators, further to what I have already mentioned as taking place during the course of 1984 in the province of New Brunswick, I would be remiss if I did not mention that it will be a summer of family reunions. Some 400 family reunions are scheduled to take place throughout the province during the next four months. This represents movement within the province of in excess of 150,000 people. The theme of this year for New Brunswickers and, indeed, for all is "discover New Brunswick".

We invite all Canadians and all our friends to be with us and to discover the pride that we New Brunswickers hold for our very special place. Among the original signatories to Canada's Confederation, New Brunswickers still practise a living and dynamic Canadianism. The only officially bilingual province in the country, the province of New Brunswick is proud to reflect truly the fabric that is Canada. Two official languages, many cultures, native peoples, all working together sharing the good times, the troubled times, but all the while maintaining a unique pride in the heritage that is ours.

Honourable senators, I wish to thank you for having given me the opportunity to say a few words on what is going on this year in my part of the country—New Brunswick.

Hon. Senators: Hear, hear.

Hon. Charles McElman: Honourable senators, I should like briefly to join with Senator Cyril Sherwood in inviting all of you to come and celebrate our bicentennial with us this summer. There will be many more than the usual events to enjoy in New Brunswick. I might say that, along with Senator Sherwood, I was happy to participate in the events which took place on June 18, it being our two hundredth anniversary and, by coincidence, my birthday anniversary.

Hon. Senators: Hear, hear.

Senator McElman: So New Brunswick and I celebrated together. I drew this fact to the attention of my friend and colleague, Senator Sherwood, and his wife, as we were walking towards the Legislative Assembly Building for the unveiling of the New Brunswick stamp. As usual, Senator Sherwood played one-upmanship and said, "Ah, but mine is July 1." So along with him I welcome you all to New Brunswick to join us in this celebration this year.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SIXTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the Sixth Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration?

Senator Godfrey: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

(*For text of report see Appendix "A", p. 758.*)

SEVENTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the Seventh Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration?

Senator Godfrey: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

(*For text of report see Appendix "B", p. 760*)

EIGHTH REPORT OF STANDING JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to present the Eighth Report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration?

Senator Godfrey: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

(*For text of report see Appendix "C", p. 761*)

ENERGY AND NATURAL RESOURCES

FIRST REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Earl A. Hastings: Honourable senators, I have the honour to present the First Report of the Standing Senate Committee on Energy and Natural Resources concerning a review of the recommendations contained in the Fifth Report of the Special Committee of the Senate on the Northern Pipeline, entitled "Marching to the Beat of the Same Drum", tabled in the Senate on March 30, 1983, and ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to 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 "D", p. 763.*)

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration?

Senator Hastings: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be taken into consideration later this day.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

• (1410)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Monday, June 25, 1984 at eight o'clock in the evening.

If leave is granted, honourable senators, I shall give an explanation and make some comments about our program for next week.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, as you will remember, last week it was thought possible that this week we would receive Bill C-9, the Canadian Security Intelligence Service Act, and that we would probably receive no other legislation. Bill C-9 was to be passed before proceeding with other legislation, because it was being given top priority.

It now transpires that the minister responsible in the other place did not give time allocation notice until Monday, and therefore the debate on the motion itself took place only yesterday. Now, two days of debate follow and the bill will not, therefore, be voted on until tomorrow.

Senator Olson, Senator Flynn and I discussed this matter earlier today and, as Senator Flynn pointed out, there are some 90 proposed amendments to that bill. If leave is not given, each one of these must be voted on. The final vote would be deferred, but I believe that the motion covering each amendment has to be voted on separately.

Therefore, honourable senators, if I had had the 20/20 vision I now have in hindsight, I would have known that there was no reason for us to be present in the Senate this week as far as legislation is concerned. However, I did not have that 20/20 vision last week and that is why we are here today. Since we will probably not receive Bill C-9 until, at the earliest, late Thursday night or Friday morning of this week, I am suggesting that we adjourn until Monday night at eight o'clock.

As I say, Senator Olson, Senator Flynn and I have discussed the program for next week and our objective for Royal Assent on whatever legislation is passed is Thursday. I would like to say a word about the legislation that we might be receiving after the passage of Bill C-9. The plan in the other place is to give priority to bills that are at the report stage. That is the first of the three categories of priority. First priority is given to bills in the report stage; second priority to bills that were close to the report stage; and third priority to any other bills.

The bills that are at the report stage in the other place are Bill C-40, the Old Age Security Amendments Bill, Bill C-33, the Western Grain Stabilization Bill; Bill C-37, the National Housing Bill; Bill C-7, the Customs Tariff Amendment Bill, and Bill C-8, the Special Import Measures Bill.

Two bills have been the subject of a number of hearings at the committee stage and are close to the report stage. Those are Bill C-32, the Canadian Institute for International Peace and Security Bill, and Bill C-34, the Canada Labour Code.

Some of the other bills that might be received, if they fall into these first two categories, are Bill C-43, the Canada-Nova Scotia Oil and Gas Agreement Bill; Bill C-47, the Indian Act Amendment Bill, and the legislation for CORE, which I believe has not yet been tabled, since I do not have a number for that bill. From the inquiries I have made, honourable senators, the estimate is that we may receive anywhere from five to twelve bills for consideration next week. That is being rather optimistic.

Hon. Jack Marshall: That is no problem for us.

Senator Frith: However, I am simply passing on information I have received. I am not taking it as a brief, neither am I supporting it or not supporting it.

So the prospect for next week, honourable senators, is that if things go as expected we will sit on Monday evening at 8 o'clock, when, if leave is granted, we will have the speech moving second reading of Bill C-9. We will then continue with the debate on Bill C-9 if the opposition is ready to proceed. That may not be the case, of course, because Senator Nurgitz may be unable to attend that evening.

If we should decide towards the adjournment time on Monday evening that it would be profitable to sit on Tuesday morning because of the possibility of referring the bill to committee—because that is the intention—then that might be the course we will follow.

As honourable senators recall, the Honourable Senator Pitfield chaired a special Senate committee that conducted a thorough study of a previous bill relating to that legislation, so there is a starting point. That committee spent all of last summer studying that legislation, and the current bill takes into account many of the Senate's recommendations. For that reason it is expected that the committee study will not be as lengthy as it otherwise might be.

We will then proceed with such other bills as we shall have received from the other place. We will then attempt to have Royal Assent on Thursday. Where it is appropriate, and where we can profit by doing so, we will sit mornings, afternoons and evenings, but it may be that that will not be necessary, certainly not every day.

So, honourable senators, that is the program for next week and that is why I am moving that when the Senate adjourns today it do stand adjourned until Monday next at 8 o'clock in the evening.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, hope springs eternal as far as the government's expectation of getting its legislation through is concerned. I noticed that last week Senator Langlois was quite sure that we would receive legislation today, and now Senator Frith assures us that Bill C-9 will be passed tomorrow. It may be that we will not receive that legislation until Friday, but in any event I wish to confirm what I have already told him; that is, that as far as we are concerned any bill that comes to the Senate from the other place on Monday, we agree to commence debate on the motion for second reading on Monday evening. I assume that that will cover Bill C-9 and perhaps a few other bills, but the other bills will certainly not be contentious if they are

passed by the House of Commons on Friday. We have no problem with that. We will see what will come next week.

Senator Frith also mentioned that Royal Assent may take place on Thursday next, and that is fine with us if we can operate within the time frame that we more or less expect. However, I do not think it follows that we can dispose of some of the bills Senator Frith mentioned in just an hour or two if they come before the Senate on Thursday. I am thinking of the Labour Code bill and the bill to establish the peace institute, which is simply a monument to the outgoing Prime Minister. We may have some objection to dealing with them so quickly. There are, of course, other bills that we shall be only too happy to support. Under the circumstances, we consider that the adjournment of the Senate until Monday next is the only practical solution.

• (1420)

Hon. Martial Asselin: I understand that Senate committees have been scheduled to meet tomorrow morning and afternoon. Will those committees still meet?

Senator Frith: Yes. There is no reason why those committees should not meet.

Motion agreed to.

QUESTION PERIOD

[*English*]

THEATRE BALLET OF CANADA

FUND RAISING

Hon. Guy Charbonneau: Honourable senators probably know that yesterday evening a boat race was held in Ottawa to raise money for local charities. Reports are circulating in Ottawa that questionable tactics were used by the Deputy Leader of the Government, the skipper of the victorious boat, in order to win the race. Is the Deputy Leader of the Government prepared to confess to that?

Some Hon. Senators: Liberal tactics!

Hon. Nathan Nurgitz: A surprising upset!

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday evening I had the honour to compete against the Honourable George Hees, P.C. in a boat race, and, of course, anyone who read the sports pages of this morning's press could agree with Senator Nurgitz that our crew's win was a surprising upset. If "Admiral" Hees raised any questions about the race, then he did so after the period when such questions could have been received, because he did not complain at the time but very gallantly extended his congratulations to me and my crew. If, in fact, anything that I did could have given rise to any questions, it could only have been the result of rather severe provocation on the part of "Admiral" Hees.

Senator Nurgitz: Honourable senators, I understand that next year Mr. Hees is challenging the Deputy Leader of the Government to a talkathon, and in that connection he will surely lose.

CANADIAN SPORTS POOL CORPORATION

APPOINTMENTS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. Will he report to the Senate before the session ends concerning the federal government's sports pool lottery? On May 30 he undertook to provide us with the figures of sales to that date so that Canadians can be told whether or not the report now being circulated of a loss amounting to $750,000 per week is true.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have the exact page in *Hansard*, but I would refer the honourable senator to *Hansard* of a few days ago when, in reply to a supplementary question, I indicated that the statistics asked for were not compiled on a weekly basis but would be on a monthly basis. I will provide those figures as soon as they are available.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a supplementary.

Will the federal government, now that the federal lottery is losing $750,000 weekly, take the advice of the Minister of State for Fitness and Amateur Sport and review the situation in six months? Does the federal government intend to lose $750,000 of taxpayers' money on a federal lottery that is poorly organized and is not operating properly? Why not get rid of this lottery system at once instead of wasting huge amounts of taxpayers' money?

[*English*]

Senator Olson: The federal government wants the sports pool to be successful as quickly as possible, in order to support financially all of those worthy causes that are involved in amateur sport, medical research and other useful and laudable enterprises.

Senator Asselin: But you are losing money.

Senator Olson: Any and all action that can appropriately be taken to make the sports pool profitable, to provide a larger amount of financial support for those enterprises, will be taken by the government.

[*Translation*]

Senator Asselin: Is it true that the federal government, notwithstanding the enormous losses suffered by the federal lottery and without further review, is prepared to invest another $20 million of taxpayers' money in an organization that is literally a non-profit operation?

[*English*]

Senator Olson: Honourable senators, I believe I answered the honourable senator's question—

Senator Asselin: You did not.

Senator Olson: The honourable senator should listen very carefully to what I am saying. I will repeat for his benefit that the federal government is anxious that financial support should come from the sports pool as soon as possible to support those worthy causes that have been designated as beneficiaries.

Hon. Jacques Flynn (Leader of the Opposition): Will the Leader of the Government be in a position to give honourable senators a reply before the end of next week? I ask that for two reasons. The first is that the session may end next Friday. Also the minister, at that time, may be nothing more than a lame duck minister.

Senator Asselin: The three of them.

Senator Frith: Lame ducks, not dead ducks!

Senator Flynn: I am wondering if the position of the three ministers is to avoid giving a reply in case eventually a new Cabinet is sworn in, with new faces to try to convince Canadians that we have something new by way of a government?

Senator Olson: Honourable senators, quite frankly, I cannot see that all of the rhetoric has added very much to the question, from the viewpoint of either intelligence or background. The rhetoric was unfounded and based on imagination, which is typical of the opposition.

Some Hon. Senators: Hear, hear.

Senator Flynn: What was unfounded?

Senator Olson: There was very little substance to the question. However, the honourable senator asked whether or not a reply could be given by, I assume, June 30, which is the date of the proposed adjournment. If he looks at the reply that I recommended Senator Nurgitz read, he will see that I believe we will have a reply by that date, although I am not absolutely certain. I know that there will be a compilation done to that date, but whether it can be made available and presented to this chamber by that date, I am not quite sure.

Senator Asselin: Is the Leader of the Government ready to consult with his new leader on this matter, to learn whether he agrees with the decision taken by the Minister of State for Fitness and Amateur Sport?

Senator Olson: That is the kind of question that really discredits the opposition, because the honourable senator knows very well that there is a government now in office, with a Prime Minister, and that is where the answers for the operation of government will emanate from until the date of transition. After that date there will be a new Prime Minister, who will take the responsibility for what happens thereafter.

ADDITIONAL GOVERNMENT FINANCIAL SUPPORT

Hon. Nathan Nurgitz: Honourable senators, while the Leader of the Government is searching for some of the answers, hopefully to be brought to the Senate some time next week, can he also confirm that the government is proposing to inject a further $20 million of taxpayers' money into this venture; and, if not, can he say what amount of money will be injected to keep this project alive?

[Senator Olson.]

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senators Nurgitz, Flynn and Asselin and others know that when a business is started it takes a few days to have all of the machinery operative on a profitable basis. There is nothing new about that—

Hon. Martial Asselin: Friends of your party were hired.

Senator Olson: —and if honourable senators opposite do not understand, then they know absolutely nothing about business. What I said a few minutes ago is that the government is anxious to have it profitable as soon as possible.

Hon. Jacques Flynn (Leader of the Opposition): That would mean that you still have hopes.

Senator Olson: Senator Flynn answered that question himself when he said a while ago that hope springs eternal in the Liberal Party, and with good reason.

Senator Flynn: We shall compare the hopes to the results.

VETERANS AFFAIRS

PENSION ACT—ADJUDICATION PROCESS

● (1430)

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Social Development. The Minister of Veterans Affairs has appointed Judge Marin to look into the adjudication process of the Pension Act. First, I wonder if the minister would tell us whether this matter comes under the cabinet committee which he heads.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I was not party to the discussions held prior to the selection of Judge Marin. That is a matter which comes under the responsibility of the Minister of Veterans Affairs and it is not part of the cabinet committee process.

Senator Marshall: I have no objection to the appointment of Judge Marin. However, I wonder whether the minister could get from the Minister of Veterans Affairs a statement as to the background and reasons for the the appointment of Judge Marin. Does this new study follow the previous study done by Mr. Art McCracken on the reasons for the backlog of pension applications, a backlog which is reaching very trying proportions? The whole thing is a wonder to me because it has been known for the past two or three years that there is a backlog. I would like to know why they finally decided, at this late date, to look into the adjudication process, which has denied many veterans the right to a pension because of the ambiguity in the legislation.

Senator Austin: I shall take the question as notice.

CANADIAN SPORTS POOL CORPORATION

MARKET STUDIES

Hon. Lowell Murray: Honourable senators, may I return, by way of a supplementary question to the Leader of the Government in the Senate, to the matter of the lottery. Some weeks ago I saw remarks attributed to officials of the Government of Quebec to the effect that they were not worried about competition from the federal lottery because they had done market studies on the possible effectiveness or sales potential of the kind of sports pool which the federal government is now sponsoring, and their studies had led them to the conclusion that that kind of sports pool would not fly.

Hon. Jacques Flynn (Leader of the Opposition): It doesn't even float.

Senator Murray: I would like to ask the Leader of the Government in the Senate whether he can assure us that the federal government did adequate market studies in advance, that those market studies were such as to convince the federal government that this type of sports pool would be a success, and that the minister will let the Senate and the public see copies of those market studies, in the spirit of freedom of information.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not think that the sports pool needs to float or fly because it would indicate that it is going to be on water or up in the air.

Hon. Arthur Tremblay: It will just sink!

Senator Olson: It is firmly on the ground and being run by the most competent people the federal government can obtain to do this job, people who have a record of success in this kind of marketing. I know that over the years there have been a number of productions on the desirability of an available market for this type of operation, but whether or not any figures can be produced, I do not know. In any event, I suppose it is a matter of opinion.

Senator Murray: It is not.

Senator Olson: Yes, it is. Senator Murray knows that, but he is pursuing this matter for other reasons, which we understand very well. I shall make some inquiries to see if there are some replies. However, that does not mean that we accept the validity of the criticism from other market surveys because, as Senator Murray knows, the Government of Quebec has a vested interest, which they have stated publicly, in seeing that this sports pool fails, and we are determined that it is not going to fail.

Senator Murray: I do not think it is very gracious for the minister, during his final days in Cabinet, to attribute motives to other senators.

Senator Olson: I can do it every day, if you like.

Senator Murray: If the minister can not lay on the table, for whatever reasons, the market studies on which the federal government decision was based, I would like to have his assurance that the results of the market studies were such as to persuade the government that this type of sports pool would be a success. I would like him to identify, for the benefit of the Senate and the public of Canada, the names of the persons or companies who conducted those market studies on behalf of the federal government.

Senator Olson: Honourable senators, I have taken these questions as notice very—

Senator Murray: Reluctantly.

Senator Olson: I was going to say "religiously."

Senator Flynn: You are piling them up for after the election.

Senator Olson: I obtain accurate, adequate and complete replies, but Senator Murray, in this case, is putting forward an almost impossible request because he is asking me to produce figures that would satisfy him that the judgment of the government in this matter was good. That is nearly impossible, so why attempt to undertake what is obviously an impossible task? Senator Murray will not acknowledge that the government made the right decision, no matter what we lay on the table.

Senator Murray: Of course, ultimately, I will want to see the studies and the figures and, utlimately, I will have them. Of course, they will be published in the spirit of freedom of information. In the meantime, I want the minister to produce, first, the assurance that the government has such studies and that they confirm that such a pool would be a success; and, second, I want him to identify the names of the persons who or companies which conducted such studies on behalf of the government. That is not the kind of information that is apt to prejudice whatever competitive position the pool may have or aspire to.

Senator Olson: The honourable senator should have got around to his question some time ago because, as you know, with my usual accommodating nature, I shall take the question as notice.

WINTER OLYMPIC GAMES, 1988—FINANCIAL ASSISTANCE

Hon. Jacques Flynn (Leader of the Opposition): While the minister is digging into that grave, would he tell us whether—

Hon. H. A. Olson (Leader of the Government): If that is what it is, I don't want to dig in it.

Senator Flynn: —any money has been paid to the Calgary Olympic Games up to now and, if so, whether any has come from the sports pool?

Senator Olson: It ought to be obvious to the Leader of the Opposition that the sports pool has yet to reach the point of maturity where it is showing a great profit.

Senator Flynn: I will take that as an answer.

Senator Olson: Some advances have been made to the Olympic Games in Calgary, but that is a matter of public information.

PRINCE EDWARD ISLAND

PRODUCTION OF IRISH MOSS

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to the Leader of the Government—and I am sure that he can answer it well—whether or not that distinguished journalist, Douglas Fisher, is right in his predictions. Considering that the export of Irish moss from Prince Edward Island is a very important element in the commerce of Canada; considering that that industry is in serious difficulty at the present time; and considering further that the fisheries was a very important element in the comprehensive economic plan signed last week by representatives of the government of Prince Edward Island and the Dominion of Canada, can the minister say whether the federal Department of Fisheries and Oceans has been asked to be helpful in any way in ameliorating the problems now facing the Irish moss industry? I invite the minister to take this as notice and to give us one of his carefully researched answers, about which he has told us this afternoon and, perhaps, to take what could possibly be his last opportunity to tell us how good he is.

• (1440)

Hon. H. A. Olson (Leader of the Government): Honourable senators, with great effort I will resist that last temptation.

It seems to me that I had an answer to that question. I carried that answer with me for weeks in order to respond to Senator Macquarrie, since he has made this type of inquiry before. Unfortunately, I do not have the answer with me today. Thus, I will take as notice his question with respect to the Irish moss industry.

ABORIGINAL PEOPLES OF CANADA

APPOINTMENT OF SPECIAL SENATE COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Watt, seconded by the Honourable Senator McGrand:

That a Special Committee of the Senate be appointed to examine, consider and make recommendations on the problems and issues facing Aboriginal Peoples of Canada;

That the Committee be composed of eight Senators;

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

That the Committee have power to travel from place to place within Canada; and

That the Committee have power to retain the services of such counsel and technical, clerical and other personnel as may be required for the said examination.—(*Honourable Senator Watt*).

Hon. Charlie Watt: Honourable senators—

[Senator Olson.]

The Hon. the Speaker *pro tempore:* Honourable senators, I have the duty to inform the Senate that if Senator Watt speaks now his speech will have the effect of closing the debate on this motion.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have some comments I wish to place on the record with respect to this matter. We will not oppose Senator Watt's motion except to say "On division". We say this because of the objections we have with respect to the multiplication of committees; that is, the creation of special committees, this being one, while our numbers remain so small. This problem is not soon to be remedied if the rumours are true that the outgoing Prime Minister plans to fill all vacancies in the Senate with supporters of the Liberal Party.

In any event, if it is the will of the majority to pass this motion, if it is their will to impose Liberal numerical supremacy on this house for the next 20 years, then so be it. But we hope to God that the next election produces a government of another colour. We hope that God will inspire the people of Canada in that respect.

Senator Watt: Honourable senators, I realize that we do not have much time to perform any substantial work at the committee level before we adjourn for the summer; however, I would like to put my motion to a vote.

Motion agreed to, on division.

ENERGY AND NATURAL RESOURCES

CONSIDERATION OF FIRST REPORT OF STANDING SENATE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the First Report of the Standing Senate Committee on Energy and Natural Resources, which was presented earlier this day.

Hon. Earl A. Hastings: Honourable senators, essentially, the report which I have presented today and which you have before you is a review of the public and governmental response to the 21 recommendations contained in a report by the Special Committee of the Senate on the Northern Pipeline respecting the transportation of natural gas north of 60°, tabled in this chamber on March 30, 1983.

In its report, the special committee identified certain concerns and issues it felt had to be addressed if northern hydrocarbon development and transportation were to develop in an orderly manner for the benefit of all Canadians. The special committee also indicated that if Arctic development were to proceed with any degree of excellence then it would take the co-operation of all concerned, that is, governments, industry, regulators, the people of the north and interested organizations, and that a continuing, meaningful dialogue had to be maintained between the players—indeed, that it was essential. Hence, the title of the report "Marching to the Beat of the Same Drum".

The special committee addressed some of the potential impediments it felt needed to be reduced if effective co-ordination were to be attained and if we were to upgrade our

capacity to prepare for continued development, assuring maximum benefits and control of negative impact on the north and northern people. In its report, the committee expressed irrevocably and totally its commitment to the concept of participation in northern development by northerners. While the north and the Arctic will be developed for the benefit of all Canadians, it was the feeling of the committee that it should be northerners who benefit in the evolving policies of the north and, more importantly, it is they who should benefit completely from the economic benefits which may accrue.

In seeking the response of the public and the government to the report and its recommendations, your committee held meetings with the minister and officials of the Department of the Environment; with officials of the Department of Indian Affairs and Northern Development led by Mr. G. Neil Faulkner, Assistant Deputy Minister, Northern Affairs Progam, DIAND. The committee met with officials of the Canadian Oil and Gas Lands Administation led by Mr. Maurice Taschereau, the administrator; and finally, it met with officials of the National Energy Board led by Mr. C. G. Edge, Chairman.

In addition, the committee sought the views of industry, the public at large and territorial governments by way of correspondence. In reviewing these meetings and correspondence, I think I can respectfully conclude that the committee provided a clear momentum and initiative for three important federal government programs in the north.

• (1450)

The first program is known as the Northern Regulatory Review; the second, the Northern Oil and Gas Action Program; and, finally, the Northern Land Use Planning Program. All of these programs have been initiated in the last year at the prompting and with the concurrence of the special committee.

Let me deal first with the Northern Regulatory Review. The subcommittee, in its examination of northern development and the transportation of hydrocarbons north of 60°, recognized that the process of arriving at decisions on major projects had evolved from a very simple cabinet approval to a vast array of complex departmental and regulatory procedures. The objectives, therefore, of the Northern Regulatory Review which has been put in place as a result of our recommendations, seek to identify all of the gaps, the overlaps and the bottlenecks with a view to streamlining and possibly simplifying the government processes that bear upon economic development. At present, the review is in the form of a proposal. This proposal will be presented to Cabinet and is expected to take up to 18 months to complete.

With regard to the Northern Regulatory Review, we have the response of the National Energy Board. The board, on its part, is now conducting a massive overhaul of its regulations and information requirements to simplify, clarify and otherwise streamline provisions to the greatest extent possible. It is the view of the board that the committee had succeeded in increasing pressure to delete certain regulatory requirements. In addition, the National Energy Board has some 25 projects under review, many of which will be finished at the end of 1984. That is to say, there are 25 projects under review designed to streamline the procedures and requirements of the National Energy Board in reaching its decisions.

In addition, three measures have now been put in place by the National Energy Board to assist proponents in putting forward their programs to the board and identifying areas of concern prior to these programs being examined by the board officially. In other words, informal pre-hearing conferences with proponents are held where areas of concern can be identified. In addition, there are meetings between the National Energy Board staff and the prospective applicants, again prior to the proponent putting forward the documents for its official application, and, finally, there are phased hearings. These measures have all been put in place as a result of our report.

In addition, there is increased co-operation between the National Energy Board and the Canadian Oil and Gas Lands Administration with respect to technical regulations for offshore pipelines where both administrations are involved. In other words, they are seeking to identify and put in place co-ordination of the various departments, thereby assisting the proponents in their respective projects.

The second very important federal government initiative which has been put in place, subsequent to our report, is the revised Northern Oil and Gas Action Program. This is a $130 million, seven-year program which entails a federal government planning and research program which will be the cornerstone for federal government hydrocarbon development strategies in the north. This is a conscious effort to be fully prepared for northern hydrocarbon development, rather than merely reacting to the development. That program, NOGAP, Northern Oil and Gas Action Program, answered, if not all, many of the concerns which we had put forward with respect to development in the Beaufort Sea region, the cold ocean technologies, support systems which had to be put in place for navigation, year-round Arctic response capability and the transport of hydrocarbons.

Finally, the third program, the Northern Land Use Planning Program. As we expressed in our report at the time, one of our concerns was the need for an overall land use planning program covering the north; that before proponents could adequately deal with the demands placed upon them, they needed some concept of what the rules would be with respect to land use. In other words, it is pointless to plan certain exploration projects in areas that are obviously committed to non-use for exploratory purposes. Therefore, what was needed was a clear land use policy evolved by the governments concerned in the north, by the federal government and by the people living in the north. As a result, that policy has been put in place through the Northern Land Use Planning Program. Playing their parts in that plan are all the departments, the governments of the territories concerned and, most important, the people of the north who will have input into evolving land use policy in the north. At the present time, some 16 areas have been identified which will be proceeded with and completed within seven years, commencing in 1984.

In addition, honourable senators, we have learned that there were numerous other initiatives which were undertaken to address the concerns expressed by the senators in their report. A comprehensive review of operating and safety standards relating to production and exploration has been conducted by the Canadian Oil and Gas Lands Administration which has resulted in the revised safety guidelines now being issued. One of the concerns we expressed in our report was the participation of northerners in the development of their area. One area of concern which was continually referred to in our deliberations by my colleague, Senator Adams, was the participation of young people in seeking training in order that they might meaningfully participate in this development. That concern was also expressed in our report. The Department of Manpower and Immigration contemplated our report, and the National Industrial Training Program and the Institutional Training Program for Northern Residents, dedicated to skill-training of northerners in the north, received an additional $4.2 million in the 1983-84 year and a further $2.6 million is being sought for the 1984-85 year. That is a fund to provide schools for young native people to learn the skills they need to participate in the development of the north.

In our report we recommended that a co-ordinator be appointed in order to deal with the various complex issues that arise from time to time with regard to major projects. These issues are complex in that there is input from the Government of Canada, input from the government of the territory or the province involved and input from the local community. It was our view that a co-ordinator was needed who would be on-site on the projects, assisting the proponent and assisting all of the people living within the area, or assisting the government to co-ordinate the work of the proponent. This recommendation was accepted, and in the $1.1 billion Norman Wells Oil Field Expansion and Pipeline Project a co-ordinator was put in place from the Department of Indian Affairs and Northern Development, with assistance from the Government of the Northwest Territories and the National Energy Board. However, all of the government issues are to be resolved through that one co-ordinator.

● (1500)

The results show that this one project seems to have worked very well. The co-ordinator was put there on a pilot project, and because it has worked so well it will be adopted for future projects. In addition, a co-ordinating office has been established at Inuvik which will focus on government response to regional and community concerns.

The committee, in its report, expressed the view that high priority should be given to research initiatives for the development of experimental technology to keep Canada in the forefront or the leading edge of cold ocean technology. Your committee is pleased to learn that the National Research Council Institute for Cold Regions Research will be established in Edmonton, a $13 million institute with a $7.2 million operating budget. That institute will no doubt become the world centre for northern engineering studies.

Of the 21 recommendations which your committee made, I can report to you, honourable senators, as is indicated in the report, that 17 were accepted by the government and are currently in the process of being put in place.

Some Hon. Senators: Hear, hear.

Senator Hastings: Three were not accepted, being considered to be premature and to require further study. It is interesting to note, however, that one of those which was considered premature—that is, the recommendation that transportation from the Arctic "commence by tanker"—forms part of the first application the government has received from Panarctic to transport oil from Bent Horn Island in the north. So it may not have been quite as premature as the government indicated.

The foremost result of the report was to stimulate dialogue among the interested parties in northern hydrocarbon development. Mr. Edge, the Chairman of the National Energy Board, recognized this when he said: "Thanks in part to your contribution, the Board believes that governments, regulators and industry are indeed beginning to march to the beat of the same drum". The government of the Northwest Territories supports, generally, the federal response to the Senate report. For its part, industry endorsed the recommendations of the special committee.

The report and the response and the results clearly indicate the very worthwhile work done by Senate committees, and is another indication of the contribution the Senate can make in building bridges of understanding between governments, agencies and the people concerned.

I also respectfully submit to honourable senators that the report has achieved that high degree of excellence which you have come to expect from your committees. I can assure you that the Standing Senate Committee on Energy and Natural Resources will eagerly accept the suggestion made to it by the Minister of the Environment that it continue its scrutiny over the next few years to ensure that northern hydrocarbon development contributes to a pattern of sound northern development. We accept that invitation because we are aware that sometimes programs do not get off the ground; we are aware that sometimes the initiatives, while in the conception stage, do not get under way.

With that thought in mind, and being mindful of our responsibility to the people of the north, to those with whom we have established contact and with whom we have worked, and being also mindful of our responsibility to the Senate and to the industry and to all those concerned, I say to the minister that we accept his invitation and will continue to scrutinize those various programs in the future—over the next four, five or ten years—in order to ensure that that development proceeds in a manner which will be of greatest benefit to the people of Canada, but more particularly to those most closely affected, the people of the north.

Hon. Royce Frith (Deputy Leader of the Government): As honourable senators will recall, this document is entitled Report of the Standing Senate Committee on Energy and Natural Resources on the Federal Government Response to the Report of the Special Committee of the Senate on the Northern Pipeline: "Marching to the Beat of the Same Drum." I remember clearly that we were all very much impressed with the work of that committee in producing that report. Often we think that reports are made, and, as the hackneyed phrase is, gather dust. I think I speak for many honourable senators when I thank Senator Hastings and the members of his committee for following up on this to determine what the response of the government was. As he said, out of 21 recommendations, 17 have been accepted and are being implemented and three are under review.

So I think it is a commendable program to have a committee not only make an excellent report, as it did, but to follow it up.

On motion of Senator Macdonald, debate adjourned.

[*Translation*]

INTER-PARLIAMENTARY UNION

SEVENTIETH ANNUAL CONFERENCE, SEOUL, KOREA—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Bosa calling the attention of the Senate to the Seventieth Annual Conference of the Inter-Parliamentary Union held at Seoul, Korea, 4th to 12th October, 1983, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada, and to the delegation's visit to China and their meetings with the officials of that country.—(*Honourable Senator Asselin, P.C.*).

Hon. Martial Asselin: Honourable senators, I listened with great interest to what Senator Bosa had to say about the Annual Conference of the Inter-Parliamentary Union, held in Seoul, Korea. I also heard Senator Rowe's remarks about this trip.

I may add that I myself was favourably impressed by the hospitality and friendship shown the Canadian delegation by the Koreans, and it was much appreciated. Although the Korean people went through a very difficult time during our stay in their country, they showed great self-control and managed to cope with a problematic situation.

I have fond memories of my trip to Korea. In fact, the meeting was most interesting, despite the absence of a major group in that country which, for political reasons, preferred not to attend the conference.

After these remarks, honourable senators, I think we can consider that the debate on this inquiry is now concluded.

The Hon. the Speaker *pro tempore:* Honourable senators, as no other honourable senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until Monday, June 25, 1984, at 8 p.m.

APPENDIX "A"

(*See p. 749*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SIXTH REPORT OF STANDING JOINT COMMITTEE

Wednesday, June 20, 1984

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

SIXTH REPORT

(Statutory Instruments No. 25)

1. In relation to its permanent reference, Section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, and to the Order of Reference approved by the Senate on February 21, 1984, and by the House of Commons on February 23, 1984, your Committee has determined to draw to the attention of both Houses various practices followed in the setting of fees pursuant to Section 13(b) of the *Financial Administration Act*, R.S.C. 1970, c. F-10.

2. Section 13(b) provides that:

> "13. Where a service or the use of a facility is provided by Her Majesty to any person and the Governor in Council is of opinion that the whole or part of the cost of providing the service or the use of the facility should be borne by the person to whom it is provided, the Governor in Council, on the recommendation of the Treasury Board, may
>
> (b) notwithstanding the provisions of any Act relating to that service or the use of that facility but subject to and in accordance with such terms and conditions as may be specified by the Governor in Council, authorize the appropriate Minister to prescribe the fee or charge to be paid by the person to whom the service or the use of the facility is provided."

In its Second Report for the 1976-77 Session, your Committee expressed its view that all authorizing Orders in Council made pursuant to this statutory power should be published in order to permit verification of the validity of fees subsequently set by a Minister. Your Committee also reported that:

> The Privy Council Office has agreed that in future cases section 13 of the *Financial Administration Act* will be cited as the enabling authority along with the Order in Council made thereunder, which will in future be published as a matter of public interest in Part II of the Canada Gazette.

Your Committee is of the view that the authority given to a Minister to determine fees should invariably be expressed to be exercisable "by order" so as to ensure that the resulting instrument will be considered a "statutory instrument" by the Crown. The legal advisers to the Crown have long taken the position that whether a legislative instrument is a statutory instrument or not depends in part on whether the enabling power contains a "magic formula" such as "by order", "by regulation", etc. While your Committee has never accepted this test, it has nonetheless been forced by the Crown to live with its consequences. For this reason, your Committee considers that every authorizing Order in Council adopted pursuant to Section 13(b) of the *Financial Administration Act* should contain the "magic formula" so that a Minister's prescription of fees to be paid for a service or the use of a facility will always be treated as a statutory instrument under the Statutory Instruments Act and published in the Canada Gazette.

In a letter dated May 30, 1980, the President of the Treasury Board informed your Committee that:

> "...there may be occasions when, in the opinion of the Governor in Council, this is not desirable, as for example when the fees are not of general application and the recipient of the service may have some objection to their publication."

In a further letter of March 6, 1981, the Minister explained that he was referring to "situations where, for example, confidentiality of commercial propriety (sic) might be of principle (sic) concern when providing Crown facilities or services". Particular examples given by the Minister included instances "where a provincial or foreign government chose to use Crown facilities to conduct certain tests the nature of which, according to such government, warrant absolute secrecy" or "when a person (company or individual) wishes to use Crown facilities to test or develop defence or security equipment, knowledge of which could affect, *inter alia*, the person's competitive position in the international market place".

Your Committee does not dispute that there may be cases in which it is desirable to treat a Minister's prescription of fees in a confidential manner. Your Committee does not accept, however, that the Executive is at liberty to decide by itself, and without Parliamentary approval, that certain fees are to be kept secret. Your Committee is of the view that if it is desired to have power to prescribe secret fees by executive order, Section 13(b) should be amended to confer such power explicitly and in such terms as limit the prescription of secret or unpublicised fees to circumstances set by Parliament.

3. Even in those cases where fees orders are published, your Committee has noted an unexplained inconsistency in the registration practices of the Privy Council Office. Some fees orders, made pursuant to an authorizing Order in Council

which contains the magic formula, are treated as statutory instruments and registered under the SI designation by the Registrar of Statutory Instruments while others, also made under an Order in Council containing the magic formula, are treated as regulations and registered under the SOR designation.

4. Your Committee's position is that, while Section 13 of the *Financial Administration Act* continues unamended,

(i) all authorizing Orders in Council should be registered and published in the Canada Gazette;

(ii) all authorizing Orders in Council should provide for the exercise of the power to prescribe fees by means of an order of the Minister; and

(iii) all ministerial fees orders are regulations and should be registered and published as such under the SOR designation.

5. If certain fees or charges imposed under the authority of Section 13 of the *Financial Administration Act* are to be kept secret and concealed from Parliamentary and public scrutiny, your Committee considers that it would be necessary that Section 13 of the Act be amended to provide expressly for such exceptions to the regular processes of subordinate law making.

Respectfully submitted,

JOHN M. GODFREY
Joint Chairman

APPENDIX "B"

(*See p. 749*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SEVENTH REPORT OF STANDING JOINT COMMITTEE

Wednesday, June 20, 1984

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

SEVENTH REPORT

(Statutory Instruments No. 26)

In relation to its permanent reference, Section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, and to the Order of Reference approved by the Senate on February 21, 1984, and by the House of Commons on February 23, 1984, your Committee has determined to draw the special attention of both Houses to the making of retroactive regulations pursuant to Section 221 of the *Income Tax Act* and to the related failure of the Minister of Finance to reply to your Committee's request for information.

Section 221(2) of the Income Tax provides that:

"No regulation under this Act has effect until it has been published in the Canada Gazette but, when so published, a regulation shall, if it so provides, be effective with reference to a period before it was published".

This provision is relied upon to authorize the making of regulations which are often expressed to apply as of a date many years before that of their approval by the Governor in Council. Although there is little doubt that there are situations in which it is necessary to make regulations retroactive to a date prior to their making, your Committee does not consider that the statutory authorization for such retroactivity should be unrestricted in its terms as is the case with Section 221(2) of the Act. As matters now stand, it is possible for the Government to make a regulation retroactive to any point in the past, however distant, with or without good reason.

In your Committee's view, an unlimited power to legislate retroactively is inherently dangerous: what is involved is not whether those at present administering the *Income Tax Act* and Regulations would seek to go beyond the bounds of fairness and propriety in making a retroactive regulation, but that the potential for abuse exists. Your Committee would wish to see Section 221 of the Act amended.

Therefore, your Committee recommends that the Government consider the advisability of amending Section 221 of the *Income Tax Act* so as to clearly specify the circumstances in which retroactive regulations may be made by the Governor in Council.

Following earlier correspondence, the Joint-Chairmen and Vice-Chairman of the Committee wrote the annexed letter to the Minister of Finance on March 19, 1982. Despite subsequent reminders dated November 22, 1982, April 15, 1983 and August 18, 1983 no acknowledgement or reply was ever received by your Committee. On April 12, 1984, the Joint-Chairmen and Vice-Chairman again wrote to the Minister and, after referring to this previous correspondence, requested that the Minister reply to their original letter before May 12, 1984. As of this date, no reply has been received to this last letter.

Your Committee finds it completely unacceptable for a Minister of the Crown to ignore for a period of over two years and in spite of repeated reminders, correspondence addressed to him on behalf of a Parliamentary Committee.

Respectfully submitted,

JOHN M. GODFREY
Joint Chairman

APPENDIX "C"

(*See p. 749*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

EIGHTH REPORT OF STANDING JOINT COMMITTEE

Wednesday, 20 June 1984

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

EIGHTH REPORT

(Statutory Instruments No. 27)

In relation to its permanent reference, Section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, and to the Order of Reference approved by the Senate on February 21, 1984, and by the House of Commons on February 23, 1984, your Committee wishes to draw the following instruments to the attention of both Houses:

—SI/79-71, Sales Tax Remission Order
—SI/79-72, Customs Tariff Remission Order, 1979
—SI/79-73, Canadian Exploration Expense Remission Order
—SI/80-25, Customs Tariff Remission Order, Multilateral Trade Negotiations
—SI/80-30, Financial Institution Dividends Remission Order.

Your Committee also draws the special attention of both Houses to the failure of the Minister of Finance to reply to inquiries of your Committee in relation thereto.

The remission orders under Report were made pursuant to Section 17 of the *Financial Administration Act* which authorizes the Governor in Council to remit any tax, fee or penalty whenever he considers it to be in the public interest to do so. The purpose of the orders under Report, as that of similar orders made since, was to implement certain tax changes announced in Government Budgets pending the adoption, by Parliament, of the legislation required to give legal effect to those financial proposals. Orders of this kind will generally be of a temporary nature and are only intended to operate until the legislation flowing from the budgetary measures announced by the Government has been introduced and adopted by both Houses.

Your Committee has previously made known to Parliament its reservations as to the propriety of this use of the remission authority conferred by the *Financial Administration Act*; in its Second Report for the 1976-77 Session, your Committee indicated that it was concerned with the frequency and nature of the use of remission orders under Section 17 to grant general remissions of customs duty, excise and other taxes. Then as today, what appears to your Committee to be a power originally intended for use in exceptional circumstances has become routinely used for the temporary implementation of governmental policies. This concern has been shared by others; in notes appended to his decision in *Clarkson Co. Ltd.* v. *The Queen*, (1979) 94 D.L.R. (3d) 348, 365, the Chief Justice of the Federal Court of Appeal queried whether Section 17 of the *Financial Administration Act* was meant to authorize general remission orders which effectively amend the relevant taxing Statutes, as opposed to the remission of specific tax liability in individual cases. The general tenor of Section 17 tends to confirm that the remission authority conferred on the Governor in Council was intended to be invoked in individual instances rather than in order to implement the financial policies of the Government prior to the enactment of legislation by Parliament.

Your Committee believes that if it is desired to resort to remission orders for this purpose, it would be preferable that Section 17 of the *Financial Administration Act* be amended so as to expressly provide for the making of such orders. The exercise of the remission authority to effect changes in the general law should also, in your Committee's view, be subject to well defined limitations as to the duration and consequences of such orders. Where, for example, a measure announced in a Budget is implemented by means of a remission order pending passage of the required legislation in Parliament, the Act should provide the order will cease to have any force or effect unless the required legislation is adopted within a certain period of time. This, it would seem to your Committee, is the minimum required if Parliament is to maintain its traditional control over the financial initiatives of the Government.

The Joint Chairmen of the Committee wrote the annexed letter to the Minister of Finance on March 19, 1981. Despite three subsequent reminders dated November 16, 1981, April 18 1983 and December 6, 1983, that letter was neither acknowledged nor replied to. On April 12, 1984, the Joint Chairmen and Vice-Chairman again wrote to the Minister and conveyed to him the Committee's request for a reply to the Joint Chairmen's original letter within a month. As of this date, this letter remains unanswered. Your Committee considers it intolerable that a Minister of the Crown would ignore a Committee of this Parliament in this manner.

In consequence, your Committee recommends that the Government consider the advisability of introducing legislation to amend Section 17 of the *Financial Administration Act* to clarify the Governor in Council's authority to introduce changes in the law by means of remission orders and subject any such orders to conditions limiting their duration in a manner consistent with the traditions of Parliamentary government.

Respectfully submitted,

JOHN M. GODFREY
Joint Chairman

APPENDIX "D"

(*See p. 749*)

ENERGY AND NATURAL RESOURCES

FIRST REPORT OF STANDING SENATE COMMITTEE

Wednesday, June 20, 1984

The Standing Senate Committee on Energy and Natural Resources, which was authorized to review the recommendations contained in the Fifth Report of the Special Committee of the Senate on the Northern Pipeline entitled, *Marching to the Beat of the Same Drum,* has, in obedience to its Order of Reference of February 2, 1984, proceeded to that review and now presents its:

FIRST REPORT

REPORT OF THE STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES ON THE FEDERAL GOVERNMENT RESPONSE TO THE REPORT OF THE SPECIAL COMMITTEE OF THE SENATE ON THE NORTHERN PIPELINE:

Marching to the Beat of the Same Drum

The Standing Senate Committee on Energy and Natural Resources has the honour to present its First Report, a review of the Federal Government response to the recommendations contained in the Fifth Report of the Special Committee of the Senate on the Northern Pipeline entitled: *Marching to the Beat of the Same Drum.*

Pursuant to its Order of Reference of February 2, 1984, "that the Standing Senate Committee on Energy and Natural Resources be authorized to review the recommendations contained in the Fifth Report of the Special Committee of the Senate on the Northern Pipeline, tabled in the Senate on 30th March, 1983, and to enquire into any matter related thereto", the Committee met with the Minister and officials from the Department of the Environment (DOE), with officials from the Department of Indian Affairs and Northern Development (DIAND) and the Canadian Oil and Gas Lands Administration (COGLA), and the Chairman and officials of the National Energy Board (NEB).

Response by Government Departments and Agencies

According to the *Federal Response to (the) Report of the Special Committee on the Northern Pipeline on Transportation of Petroleum and Natural Gas North of 60°*, "the Senate Committee has conducted a major assessment of the technical, environmental and social implications of alternate transportation proposals for the Arctic Region and government is most interested in its views and recommendations." Furthermore, the Committee "has identified many critical concerns and issues which government agrees must be addressed if northern hydrocarbon development is to proceed in an orderly and responsible manner."

Mr. G. Neil Faulkner, Assistant Deputy Minister, Northern Affairs Program, DIAND, pointed out that as a result of the report "a large number of activities are under way that respond directly or indirectly to measures which Honourable Senators have suggested."

The Honourable Charles Caccia, Minister of the Department of the Environment, concluded his presentation to the Standing Committee by saying: "I believe that members of this Committee can take some measure of satisfaction in having increased pressure both inside and outside government to build up those processes and services necessary for effective and efficient government regulation of northern hydrocarbon activity." This view was reinforced by the Chairman of the National Energy Board, Mr. C. G. Edge, who pointed out that the Committee's work and report have made a major contribution to the developing harmony between governments, regulators and industry.

The National Research Council of Canada was encouraged to note the Special Committee's emphasis on technical competence, operating and safety standards and the development of experimental technologies that strengthen Canada's position in the forefront of cold ocean technology.

The Status of Implementation as of May 1984 of the Special Committee's recommendations is appended to this report.

The Regulatory Process

1. Regulatory Review

During the course of the hearings which formed the basis for its report, *Marching to the Beat of the Same Drum*, the Special Committee recognized that the process of arriving at decisions on major development projects had evolved from simple Cabinet approval to a vast and complex array of departmental and regulatory procedures.

Among the recommendations made by the Committee to improve the regulatory process was that "... the regulatory processes and regulations of appropriate responsible agencies be reviewed to determine whether these fulfill the policy objectives for which they were intended and that obvious redundancies be eliminated".

This recommendation provided the momentum for the proposed Northern Regulatory Review. "The objective of the Northern Regulatory Review is to identify gaps, overlaps and bottlenecks with a view to streamlining and possibly simplifying government processes that bear upon economic development and effective environmental and resource management in the north" (*Federal Response*). At present, the review is in the form of a proposal to come before cabinet. Preparatory work for it is progressing and the review will require up to eighteen months beyond approval to complete.

The National Energy Board, for its part, is conducting a massive overhaul of its regulations and information requirements to simplify, clarify and otherwise streamline these provisions to the greatest extent possible. It is the view of the Board that the Committee has succeeded in increasing pressure to delete certain regulatory requirements, minimize duplication and foster co-ordination amongst governments, regulators and industry. Furthermore, the Board will be collaborating with DIAND on the Northern Regulatory Review.

The NEB reported that a great deal of progress has been made with respect to the Committee's recommendation for a rationalization of the regulatory process. The Board has some twenty-five review projects underway, many of which will be finalized by year-end 1984.

Responding to the Special Committee's report, the Board outlined further improvements to the regulatory process. Three measures being employed to expedite the regulatory process are: pre-hearing conferences, meetings between the NEB staff and prospective applicants and finally, phased hearings.

The NEB pointed to increased co-ordination in its dealings with COGLA as a clear example of reduction in regulation. The Board and COGLA recently reached an agreement in principle to establish identical technical regulations with respect to offshore pipelines where both are involved.

2. Northern Policy and Planning

The Special Committee concluded that the Federal Government had in place elements of a policy framework for northern hydrocarbon development. This policy framework should provide the basis for evaluating the relevancy of the existing assessment process.

The policy objectives however, required further delineation by the Federal Government and consequently, the Committee recommended "That the Senior Policy Committee on Northern Resource Development Projects fulfill the function of promoting interdepartmental discussion of northern development policy outside matters relating to the *Canada Oil and Gas Act*. Based on these discussions, it should forward policy recommendations to appropriate Ministers for action."

According to the *Federal Response*, "Government is moving quickly to develop policies and planning necessary to round out the policy picture." The Senior Policy Committee, chaired by the Assistant Deputy Minister, Northern Affairs, DIAND, includes Assistant Deputy Ministers from the Departments of Energy, Mines and Resources, the Environment, Fisheries and Oceans, Transport, Regional Industrial Expansion, the Canada Employment and Immigration Commission, the Deputy Commissioner of the Government of the Northwest Territories and the Deputy Minister of Intergovernmental Relations, Government of the Yukon Territory. It has become more active in promoting the interdepartmental discussion and deliberation required to harmonize government policies and programs. This interdepartmental committee was also used in co-ordinating and reaching a consensus on the response of the Federal Government to the Special Committee's report. This exercise is a concrete illustration of the kind of interdepartmental discussion on northern development recommended by the Special Committee.

3. Approval-in-Principle

The Special Committee recommended "That Cabinet may introduce approval-in-principle decisions for major energy projects once the nature of the information to be provided has been established." This recommendation addressed the problem facing proponents of major projects who must absorb the cost of undertaking a mass of technical work before having a clear idea of whether the investment fits the priorities of the Federal Government.

The Northern Regulatory Review will include a thorough assessment of the approval-in-principle concept.

Although the NEB believes that approval-in-principle could create certain difficulties, it does concede that there is a problem for industry. To remedy this problem the Board proposes an Early Hearing Process which, by various means, could give industry an advance indication regarding its development proposals.

4. Use of Existing Information

The Committee further recognized that, particularly in the environmental dimension, several assessment processes overlap. It concluded that it should be possible to rely much more on existing information and to treat each review process as a segment of the whole regulatory regime to avoid repetition. The Special Committee therefore recommended "That certain review procedures should only come into play when the subject matter has not been evaluated in another forum or when public interest considerations warrant. Use of existing information should be emphasized."

Progress is being made to reduce duplication and to increase co-ordination between agencies, particularly with regard to the interface between the Environmental Assessment and Review Process (EARP) and the NEB. The NEB welcomes the filing of an EARP Panel report at its hearings, when such a report is available; in this way, the Board can make its decisions on the basis of the fullest possible information at hand. This use of existing information by the Board reduces unnecessary duplication and expedites the regulatory process.

DIAND is in the process of establishing, within its recently created Project Development Division, a Regulation and Assessment of Major Projects Process (RAMP) which will endeavour to minimize impediments to evaluating resource

projects. The RAMP mechanism should also reduce overlap or duplication in the review and implementation of hydrocarbon projects.

5. Federal Co-ordinator

In the view of the Committee, the complexity of the decision-making process was increasing and, therefore, warranted a federal official acting in the capacity of federal co-ordinator/expeditor to assist project sponsors in meeting regulatory requirements. The Committee therefore recommended "That the appointment of a federal co-ordinator to each major project, responsible to a designated Minister, be tried on a pilot basis to test its suitability. After a designated period of time has passed, the mechanism should be reviewed and a decision made on its suitability."

Three co-ordinators were appointed to the $1.1 billion Norman Wells oil field expansion and pipeline project. The overall co-ordinator is from DIAND; these efforts are supported by the work of co-ordinators representing the NEB and the Government of the Northwest Territories. The use of co-ordinators at Norman Wells is a pilot project which is being carefully monitored and evaluated to determine both its effectiveness and its possible application to major resource developments in the future.

DIAND's Project Development Division is a further effort on the part of the Federal Government to co-ordinate and facilitate the development of major projects.

Another initiative along the lines of the Committee's recommendation is the establishment in Inuvik of the Mackenzie Delta/Beaufort Sea Co-ordinating Office. It will provide a means of focussing the government response to regional and community concerns.

The Northern Oil and Gas Action Program (NOGAP)

Many of the Special Committee's recommendations have been implemented through the revised $130 million, seven-year Northern Oil and Gas Action Program (NOGAP).

1. Northern Hydrocarbon Development

The Committee believed that northern development policy and planning needed to be fleshed out more fully, so that the Federal Government would be properly prepared for hydrocarbon development in the North. Hence, the first recommendation of the Committee was "That Federal Government policy and planning related to such matters as northern energy, land use, environmental management, manpower training and infrastructure development be formulated early in 1983." One of the major concerns of NOGAP is to address planning and research activities to achieve this state of readiness.

The Northern Oil and Gas Action Program is the cornestone of the Federal Government's northern hydrocarbon development strategy. It is a conscious effort to be fully prepared for northern hydrocarbon development, rather than merely reacting to such development.

2. Monitoring in the Beaufort Sea Region

The Committee recognized that industry is searching for answers to many of the technical problems in its efforts to arrive at safe and economic means of producing hydrocarbons on the Beaufort Sea Region. Nonetheless, the onus is on the Federal Government to anticipate safety requirements and devise clear reporting and regulatory procedures to ensure that the impact of these technologies is beneficial. If the Federal Government is to anticipate problems associated with the introduction of new technologies, then its expertise must match that of industry.

The Committee recommended "That the activities and techniques of each phase of the incremental development proposal for the Beaufort Sea Region be carefully monitored by the responsible Federal Government agency for technical competence and suitability for year-round operation."

NOGAP responds to this recommendation with several initiatives. These include the development of a socio-economic monitoring system with physical and environmental monitoring and the identification of environmental guidelines and of an evaluation monitoring methodology. These initiatives are part of the Regulation and Assessment of Major Projects (RAMP) mechanism of DIAND's Project Development Division.

3. Cold Ocean Technology

The Committee noted that new technologies suited to arctic conditions offer an unprecedented opportunity to augment Canadian industrial capacity, and that improving state-of-the-art technology would both maximize the efficiency of operations carried out in Canada and provide the opportunity for Canada to compete around the world. Mindful of the need to sustain the present momentum resulting from advances by both government and industry in Canadian technological capacity, the Committee recommended "That high priority be given by government and industry to financial and research initiatives for the development of experimental technologies that may advance Canada's position in the forefront of cold ocean technology."

The Standing Committee is pleased to learn that a National Research Council Institute for Cold Regions Research will be established in Edmonton at a cost of $13 million. It will have an annual operating budget of $7.2 million. The Institute, which will be fully operational by 1988, should become a world centre for northern engineering studies.

The Federal Government's response to this recommendation is further evidenced by the substantial amount of money from the energy research and development fund which is presently being spent in this area. Moreover, additional funds, drawn from NOGAP, will be directed towards research initiatives for the development of experimental technologies.

4. Support Systems

NOGAP also responds to the Committee's recommendation "That all support systems in relation to such marine services as ice monitoring, weather forecasting, navigation, search and rescue and marine escort which are necessary to ensure the

reliability and the safety of production and transportation systems be in place before production commences." NOGAP studies will assess the geological, hydrological and climatological characteristics in areas where major hydrocarbon developments are planned. Examples of other studies include coastal zone dynamics and ice formation, seabed conditions and seabed geological hazards.

5. Year-round Arctic Response Capability

The Committee was sympathetic to the difficulties with which the Canadian Coast Guard, Canada's principal marine presence, is faced in committing its meagre financial and personnel resources in support of year-round marine services in arctic waters. Its surveillance role requires that it respond to pollution emergencies and, furthermore, that it carry out its support function in search and rescue operations and marine distress incidents. The Committee therefore recommended "That, in order to upgrade the Federal Government's year-round arctic response capability, the Canadian Coast Guard be provided with adequate financial and personnel resources to conduct R and D, to supply marine support services and to meet emergencies."

Again, NOGAP will provide additional funding,—this time for the Canadian Coast Guard—which will be used for studying transportation management, assessment and development of arctic navigation systems and for assessing search and rescue systems.

The Standing Committee is gratified to learn that a contract has been signed for the construction of a $91.3 million Type 1200 icebreaker which will contribute to updating the Canadian Coast Guard fleet. This vessel will carry state-of-the-art navigation and communications equipment to aid in providing icebreaking support to shipping both during the summer in the Canadian Arctic and during the winter, primarily in the Gulf of St. Lawrence and Newfoundland areas.

6. Transport of Hydrocarbons

In considering alternate transportation systems proposed by industry, the Committee agreed that under certain conditions both pipeline and tanker systems are technically and environmentally feasible for the transport of hydrocarbons from the Arctic. Of these two transportation modes, the Committee considered that beginning with tanker transport was preferable for several reasons; it therefore recommended "That transport of hydrocarbons from the arctic region commence by tanker on a small scale and that consideration be given to various combinations of tanker and/or pipelines systems as other factors warrant."

A decision on the preferred mode of transport has not yet been made and NOGAP will focus federal planning and research on these two alternatives.

Land Claims

The Special Committee recommended "That the federal government give high priority to settling land claims and resolving issues relating to constitutional evolution."

We are gratified by the recent progress made in resolving native land claims.

Environmental Management and Regional Planning

The Committee's first recommendation included a call for the formulation of policy and planning with respect to land use and environmental management. A subsequent recommendation, "That the Federal Government expedite the regional planning process and that the Department of Indian Affairs and Northern Development inaugurate a planning mechanism to allow participatory regional planning to proceed effectively", complemented the first and incorporated the Committee's position on regional planning.

These recommendations resulted in the creation of the Northern Land Use Planning Program (NLUP). The purpose of the NLUP Program is to develop a consensus on the type of development and land-use planning that ought to occur in the different regions of the North. DIAND is responsible for the program and, through consultation and planning with other departments and the territorial governments, will seek agreement as to the nature of the major activities that should take place within a given region. A central feature of the program is that it will establish a framework for local and regional development, and provide northerners with a direct voice in determining the best use for land resources.

According to the Minister of the Environment, proposed conservation areas of concern to his department will be integrated into the program.

The NLUP Program will be inaugurated in 1984. At present, some sixteen areas have been identified in the North for land-use planning. Funds have been allotted to the Program and a consultative process between governments and residents of the North is in place.

Conclusion

The report of the Special Committee, *Marching to the Beat of the Same Drum*, clearly provided the momentum for at least three Federal Government programs: the Northern Regulatory Review, the revised Northern Oil and Gas Action Program (NOGAP) and the Northern Land Use Planning Program (NLUP).

The foremost result of the report was to stimulate dialogue among the interested parties in northern hydrocarbon development. Mr. Edge recognized this when he said: "Thanks in part to your contribution, the Board believes that governments, regulators and industry are indeed beginning to march to the beat of the same drum."

The Government of the Northwest Territories is represented on the Senior Policy Committee and generally supports the Federal Government response.

In correspondence with the Committee, representatives of industry endorse the recommendations of the Special Committee and consider that it is now largely a matter of the recommendations being implemented by the appropriate bodies.

The Standing Senate Committee on Energy and Natural Resources will accept the invitation of the Minister of the Environment to "continue its scrutiny over the next few years to ensure that northern hydrocarbon development contributes to a pattern of northern development that will be remarkable for what northerners and Canadians as a whole have gained, not lost."

Status of Implementation of Recommendations

	Recommendation March 1983	Status May 1984
1.	That Federal Government policy and planning relating to such matters as northern energy, land use, environmental management, manpower training and infrastructure development be formulated early in 1983.	Accepted; being implemented through government programs such as NOGAP and NLUP
2.	That the Federal Government give high priority to settling land claims and resolving issues relating to constitutional evolution.	Accepted
3.	That the activities and techniques in each phase of the incremental development proposal for the Beaufort Sea Region be carefully monitored by the responsible Federal Government agency for technical competence and suitability for year-round operation.	Accepted
4.	That operating and safety standards relating to production and transportation call for an appropriate level of personnel training and experience under arctic conditions.	Accepted; a comprehensive review by COGLA resulted in revised safety guidelines dealing with various areas under its jurisdiction
5.	That high priority be given by government and industry to financial and research initiatives for the development of experimental technologies that advance Canada's position in the forefront of cold ocean technology.	Accepted
6.	That the Federal Government expedite the regional planning process and that the Department of Indian Affairs and Northern Development inaugurate a planning mechanism to allow participatory regional planning to proceed effectively.	Accepted; being implemented through NLUP
7.	That all support systems in relation to such marine services as ice monitoring, weather forecasting, navigation, search and rescue and marine escort which are necessary to ensure the reliability and the safety of production and transportation systems be in place before production commences.	Accepted
8.	That, in order to upgrade the Federal Government's year-round arctic response capability, the Canadian Coast Guard be provided with adequate financial and personnel resources to conduct R and D, to supply marine support services and to meet emergencies.	Accepted; some funding provided from NOGAP

9.	That transport of hydrocarbons from the arctic region commence by tanker on a small scale and that consideration be given to various combinations of tanker and/or pipeline systems as other factors warrant.	Not accepted; recommendation considered premature
10.	That the Federal Government adopt a stronger lead role in coordinating and monitoring the efforts of the project sponsors, the manufacturing sector and labour in the formulation and implementation of an industrial strategy to ensure maximum Canadian participation in major projects such as Beaufort Sea Region development.	Accepted
11.	That immediate consideration be given to developing a Canadian large-vessel shipyard capability to supply not only all vessel requirements for arctic development but also to compete for similar undertakings abroad.	Not accepted
12.	That the National Industrial Training Program be expanded to ensure that northern residents receive the necessary training for participation in northern resource development projects.	Accepted; funding increased by $4.2 million for the Norman Wells Project in 1983-84; for 1984-85 $2.6 million is being sought
13.	That the timing of development and supply requirements be structured to enable northern business to participate in Beaufort Sea Region development with its resulting economic benefits.	Accepted; will be implemented through Northern Benefits Committees and Economic Development Agreements
14.	That a designated portion of resource revenues accruing from hydrocarbon development be channelled into a form of heritage fund to provide an economic cushion and serve as a source of funds suitable for investment to promote a more diversified economic base.	Not accepted, recommendation under study
15.	That there be increased Federal Government funding of social programs to aid in infrastructure development and to offset potentially adverse impacts.	Accepted
16.	That once the policy framework is in place, the regulatory processes and regulations of appropriate responsible agencies be reviewed to determine whether these fulfill the policy objectives for which they were intended and obvious redundancies be eliminated.	Accepted; implementation through the NEB Review and the proposed Northern Regulatory Review
17.	That the Senior Policy Committee on Northern Resource Development Projects fulfill the function of promoting interdepartmental discussion of northern development policy outside matters relating to the *Canada Oil and Gas Act*. Based on these discussions, it should forward policy recommendations to appropriate Ministers for action.	Accepted
18.	That certain review procedures should only come into play when the subject matter has not been evaluated in another forum or when public interest considerations warrant. Use of existing information should be emphasized.	Accepted
19.	That time limits be allocated to procedural processes to be met by both sponsors and government.	Accepted; will be studied by the Northern Regulatory Review
20.	That the appointment of a federal coordinator to each major energy project, responsible to a designated Minister, be tried on a pilot basis to test its suitability. After a designated period of time has passed, the mechanism should be reviewed and a decision made on its suitability.	Accepted; in place for Norman Wells

21.	That Cabinet may introduce approval-in-principle decisions for major energy projects once the nature of the information to be provided has been established.	Not accepted; considered premature and requiring further study

Respectfully submitted,

EARL A. HASTINGS,
Chairman.

THE SENATE

Monday, June 25, 1984

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

Prayers.

[*Translation*]

CANADA-UNITED STATES TAX CONVENTION BILL, 1984

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that he had received from the House of Commons Bill S-14, intituled: An Act to implement a convention between Canada and the United States with respect to taxes on income and on capital, with a message stating that the bill was adopted, without amendment.

[*English*]

CANADIAN SECURITY INTELLIGENCE SERVICE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-9, to establish the Canadian Security Intelligence Service, to enact an Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-40, to amend the Old Age Security Act.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

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-37, an Act to amend the National Housing Act.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)f), moved that the bill be placed on the Orders of the day for second reading later this day.

Motion agreed to.

[*English*]

NATIONAL FLAG OF CANADA MANUFACTURING STANDARDS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-234, to establish standards for the manufacture of the national flag of Canada.

Bill read first time.

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

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, June 26, 1984, at 11 a.m.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, this evening we expect that second reading will be given to two non-controversial bills

which were referred to earlier in the proceedings; that is, Bill C-37 and C-40. However, if that does not occur we will be able to continue with the debate on the motion for second reading of those bills tomorrow morning.

If second reading is given, then those two bills should be referred to the Standing Senate Committee on Social Affairs, Science and Technology. We will not likely complete second reading debate on Bill C-9 tonight. However, we may be able to accomplish that tomorrow. That is why we will sit tomorrow at 11 a.m. In this way the committees can perform their work with respect to these bills tomorrow afternoon if the bills are referred to committee tonight or tomorrow morning.

Hon. Jacques Flynn (Leader of the Opposition): Do I understand that no other committee will be sitting tomorrow morning with the exception of the Standing Senate Committee on Social Affairs, Science and Technology? That committee is, I understand, sitting at 9.00 or 9.30 with respect to the bills we now have before us, should they receive second reading tonight. Is that the idea?

• (2010)

Senator Frith: I am not sure that we will get second reading of those two bills this evening. That is why we are sitting tomorrow morning and leaving the afternoon free for committees. In other words, these bills do not have to receive second reading tonight.

Senator Flynn: So no committee is sitting tomorrow morning?

Senator Frith: No committee scheduled to sit tomorrow morning will be dealing with this legislation.

Senator Flynn: It is important for us to know if there will be some committees sitting tomorrow morning at the same time as the Senate is sitting.

Senator Frith: Honourable senators, there are committees sitting at 9.30 a.m.; there is a committee sitting at 10.00 a.m. The Standing Senate Committee on Internal Economy, Budgets and Administration had planned to sit at 10.30 a.m., but that committee will now be sitting at 1.00 p.m., instead. That was the only direct conflict with the sitting of the Senate at 11.00 o'clock tomorrow. I therefore advised the committee chairmen concerned that the plan was that the Senate would be sitting at 11.00 a.m. tormorrow, and they have adjusted their plans accordingly.

Senator Flynn: I understand that it is the hope of the deputy leader that the Senate will adjourn before one o'clock tomorrow in order to keep the whole afternoon free for committee meetings, is that so?

Senator Frith: That is what I hope for, yes.

Motion agreed to.

QUESTION PERIOD

[*English*]

CHARITIES

PROPOSED ESTABLISHMENT OF JOINT COMMITTEE

Hon. Jack Marshall: Honourable senators, I would like to ask the Deputy Leader of the Government in the Senate a question arising out of a news release of April 27, 1984. Perhaps I should have raised this matter before. The news release emanates from the office of the Secretary of State and indicates that a joint House of Commons and Senate committee on voluntary action will be established with a mandate to examine the adequacy of the current definition of charity to reflect social realities. I wonder if the deputy leader could give us some information on that matter?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, that was raised perhaps a month or a month and a half ago. At that time I discussed it briefly with the Leader of the Opposition. The proposal was made by the Secretary of State to deal with that question of the definition of charities. I have heard nothing further since that time and therefore I have no up-to-date information. Indeed, I doubt if anything will happen about it before adjournment.

FOREIGN AFFAIRS

COST OF OPERATING EMBASSY IN WASHINGTON, D.C.

Hon. Frederick W. Rowe: Honourable senators, I have a question for the Leader of the Government in the Senate. I do not expect that the leader will have this information immediately available at his fingertips and I am sure he will want to take my question as notice.

I would ask the Leader of the Government in the Senate if he could find out the total annual cost to the Canadian government of operating the Canadian Embassy in Washington, D.C.

Hon. H. A. Olson (Leader of the Government): Honourable senators, as Senate Rowe has suggested, I will take that question as notice.

TRANSPORT

PORT OF CHURCHILL—VOLUME OF SHIPMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Minister of State for the Canadian Wheat Board. Has he received a recent report of the Canada Grains Council with respect to the economics of the Port of Churchill?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I may have received that report but I do not have it at hand. My office has very likely received it. I will check on this.

Hon. Jacques Flynn (Leader of the Opposition): Next week?

Senator Roblin: After my honourable friend has determined whether somebody in his office has opened his mail, he might tell me if he has received that report because I want to ask him when he will make a statement as to the government's reaction to that statement. It bears very serious policy implications for the movement of western grain through the port of Churchill. Will he give me an undertaking to do that?

Senator Argue: I would be very pleased to.

Senator Roblin: I will refrain from asking when.

Senator Flynn: Next week.

Senator Argue: Are we sitting next week? I think that was the question, but I am not sure.

THE CONSTITUTION

RIGHTS OF FRANCO-ONTARIANS—REPRESENTATIONS BY PRIME MINISTER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government in the Senate whether or not he has received an answer to the question I put to him for the outgoing Prime Minister.

Hon. H. A. Olson (Leader of the Government): Perhaps the Leader of the Opposition will identify the subject matter of the question as well.

Senator Flynn: I asked whether the outgoing Prime Minister intended to write to the provincial premiers with respect to changing the Constitution, restoring the right of veto and/or providing the compensation to provinces who transfer their legislative competence to the federal Parliament.

Senator Olson: The subject matter of the question has been referred to the Prime Minister's Office. I am not sure that it is receiving the highest priority, but it requires a carefully considered reply.

Senator Flynn: Yes, next week, too.

REQUESTS FOR ANSWERS

Hon. Jack Marshall: Honourable senators, I wonder if the Leader of the Government in the Senate or the Deputy Leader of the Government could tell us whether or not, before the summer adjournment which is scheduled to begin on Friday, we will receive answers to those questions which have been taken as notice.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I checked earlier this evening and found that there are only a few questions left to which a reply has not been given. I know that honourable senators sitting opposite sometimes do not regard the replies given as being adequate answers; nevertheless, they are entitled to a reply but not necessarily a satisfactory answer.

[Senator Argue.]

Hon. Jacques Flynn (Leader of the Opposition): Apparently we are not even entitled to a reply, because in many cases you do not give one.

Hon. Robert Muir: Honourable senators, I should like to refresh gently the memory of the Leader of the Government in the Senate.

I asked the Minister of State for Social Development some weeks ago if, when taking the shopping list regarding assistance to centres across the country—to towns, cities and so forth—it was possible that financial assistance could be given for the construction of a civic centre to be located in Sydney, Nova Scotia—not British Columbia. That question has not been responded to.

I also asked months and months ago a question relating to who would appoint the new members to the board of the Cape Breton Development Corporation, whether it would be the outgoing Prime Minister or the Prime Minister designate with the assistance of the Leader of the Government in the Senate.

Senator Olson: Honourable senators, I took at least one of those questions as notice. I shall have a reply as soon as one is available. I cannot answer the question until I have received a reply from those directly responsible. Perhaps tomorrow, when the Minister of State for Social Development is present, Senator Muir can redirect his question to him.

What I said a moment ago was that I reviewed all unanswered questions that I had taken as notice. I think there are very few left unanswered.

PRIVATE BILL

STADACONA MINES (1944) LIMITED—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Monday, June 25, 1984

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FOURTEENTH REPORT

Your committee to which was referred Bill S-16, intituled: "An Act to revive Stadacona Mines (1944) Limited and to provide for its continuance under the Canada Business Corporations Act", has, in obedience to the order of reference of Wednesday, June 13, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN NEIMAN
Chairman

• (2020)

THIRD READING

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

Hon. John M. Macdonald: With leave of the Senate and notwithstanding rule 45(1)(b), I move, on behalf of Senator Asselin, that this bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

CANADIAN SECURITY INTELLIGENCE SERVICE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Philippe Deane Gigantès moved the second reading of Bill C-9, to establish the Canadian Security Intelligence Service, to enact an Act respecting enforcement in relation to certain security and related offences and to amend certain acts in consequence thereof or in relation thereto.

He said: Honourable senators, it gives me great pleasure to ask that you support this bill. If there is a bill in this session which demonstrates more clearly the value of the Senate, I have not seen it nor has anybody else. It was drafted by this chamber, by one of our committees, and it is a remarkable document which achieves, as in no other country, a balance between the need for collective security and the need to preserve freedom of citizens. I do not think this bill is a partisan matter—at least not in this chamber. In the other place there are a few who believe in the doctrine that it is better to starve than to have three-quarters of a loaf, but they always refuse to sit in this chamber. I think here we can discuss this measure as something which we all realize is needed by the country.

I will not review the statistics of terrorism.

[*Translation*]

I can tell you that 64,000 people have been killed since 1970. Without saying how many spies we have in this country, I am sure you know we have quite a few.

[*English*]

We also have home-grown terrorists, political and otherwise. Most recently, a young lady, Juliet Belmas, took it upon herself to blow up the Litton Plant in Toronto; she injured 10 people. There are those among us who think that violence is a legitimate form of political dissent, even though it is not motivated by foreign countries; and there are those among us who are motivated by foreign agents to break the laws of this land and endanger the security of all Canadians.

This bill addresses itself to these problems. It creates a Canadian civilian security service which will to some extent be divorced from the RCMP. It is the RCMP that has carried out these duties until now since the Second World War. The new bill proposes a service which will not be operating under the RCMP, although the RCMP will handle the law enforcement that flows from many of the inquiries by the new service.

The points at issue are: Is this bill endangering the ordinary freedom of expression and freedom of legal, proper, political action of Canadian citizens? Is this bill sufficiently under the control of Parliament? Is this bill properly divorcing this service—the security and intelligence activity—from the RCMP? I think the bill achieves all these objectives and achieves them remarkably well.

No other country has legislation as good and as specific as that proposed by this bill. The FBI is operating on the basis of a three-line act passed in 1870, and on a slew of executive orders and regulations over which nobody now has any control. Mr. J. Edgar Hoover is a splendid illustration of what occult power a security service can gain if it is not properly controlled.

What this bill does is provide a definition of what a security service can do; of why it should go into operation; and of why and how it should be controlled. The definition of what is a security threat to Canada has been criticized in the other place as too lax. This chamber is full of eminent lawyers. Most of you would not have been as successful as you have been if laws could be so written that they did not lead to differing interpretations.

It is impossible, I claim, to write a definition of what is a security threat that will absolutely exclude any possible infringement of the privacy of somebody who is not engaged in nefarious activity. At some time or another there may be somebody who, while acting in good faith and without any violent intent, will be looked at by our security service.

We have been told that someone who is collecting money to provide help to the rebels of Afghanistan will be considered a legitimate target for the security service because he is encouraging violence against another country. We have also been told that people who are collecting money to help refugees from the Chile of General Pinochet might find themselves targets of the security service. It is true that the definition of what a security service can do can be distorted to the extent that one could believe such extremes will occur. The bill provides, however, that before agents of the security service can act they must obtain the permission of a federal judge. Instructions as to what is or what is not permissible are given to those judges. Before an agent of the security service acts, he must also inform the Solicitor General. The bill goes further than that and stipulates that every single action of the security service will be under the unrestricted investigation of an inspector general.

• (2030)

Honourable senators, these are the controls—these are the real guarantees. No matter what the text of the law is, there is

the possibility of getting around it if we are talking about a bad apple, but there are safeguards against that happening. The Inspector General is one of those safeguards. The political supervision of the Solicitor General is another, as is the review committee, composed of privy councillors. These councillors do not serve in either chamber of Parliament and will have full access to all documentation—I will come back to the business of cabinet documents—and will be able to see that the security service does not abuse its powers; that it operates only to protect the security of Canada and its citizens and does not, fancifully, restrict the legitimate political freedom of those citizens.

Honourable senators, I do not think there is much to discuss on this bill. There is no other way of providing this service. I have written repeatedly on this legislation. I cannot find any way of tightening these definitions without, as the McDonald commission said, emasculating the proposed force. Honourable senators, most texts of law are compromises in one way or another and this is the best compromise possible in the circumstances. The controls are real. The supervision is strong. The review committee reports annually to Parliament, which will therefore have the right to oversee what the security service has done.

There is only one restriction placed upon the review committee, which is that it will not be able to compel Cabinet to release cabinet documents that the review committee might consider pertinent to the case. That does not mean that Cabinet will not make these documents available—Cabinet did release documents to the McDonald commission—but it does mean that Cabinet would have the right to hold back some of these documents if it is of the view that their release would be counterproductive.

As honourable senators are aware, there are discussions in Cabinet in which this or that minister might play the role of devil's advocate in order to clarify a particular issue. Cabinet documents are drafted by senior public servants, who also put more than one case forward. The pros and cons on any issue are discussed, and freely, because everyone knows that a cabinet document is confidential. Discussion in Cabinet is an essential process—this feeding to Cabinet of all aspects of a case by the senior public servants—and this process, in some instances, might be endangered and the country therefore might suffer if all cabinet documents could be released on demand of the review committee or any other body. The Privacy Act accepts the confidentiality of cabinet documents, as does the Canada Evidence Act; this particular bill accepts that confidentiality as well. As I have said, that does not mean that the Cabinet will not release such documents.

Honourable senators, I think this is a good bill. The only contentious issue that I have heard a senator raise to me personally is whether the Security Service should or should not continue to be under the RCMP. Taking the service away from the RCMP, as the Solicitor General has said, as the McDonald commission has said, as the Mackenzie commission said before that, and as the senate committee pointed out, is not a reflection on the excellence of the RCMP. We in Canada are very lucky to have such a police force. I believe there are only two countries in the world in which the police force is loved, namely, Britain and Canada. In most other countries it is hated. Having a police force that the country loves and trusts is an invaluable asset which we must preserve; and I submit, honourable senators, that one condition for loving and trusting a police force is a belief that it is non-political, that it is not involved in political activity.

Like it or not, the Security Service, by its very nature, is going to be involved in political activity. It will have to receive political direction. For instance, is it permissible to support an organization that wants to help the rebels in Afghanistan, which was invaded by a foreign country and where those rebels are fighting for their freedom? On the other hand, is it permissible to support the Red Brigades which are trying to overthrow the Government of Italy, which is a democratic government? I submit that it is a political decision. Guidance will have to be given to the Security Service by a politician—in this instance, the Solicitor General.

So there is political interference. There is a political role which is inevitable in the operation of a Security Service. Yet the tradition of good police forces is that they occupy themselves with criminal activities, with trying to prevent them, while they remain as aloof as possible from the political process. The RCMP has had the misfortune of having to face a mixture of situations: a political situation involving the Security Service and the essentially non-political defence of the peace and security of citizens that police work involves.

I submit to honourable senators that the reputation of the RCMP, and the love that the people of this country feel for that force, is based on its excellent police work, on the feeling our people have had that whatever their party or political opinion they could rely on the Mounties for a fair deal.

That is why the Mackenzie commission, the McDonald commission, and the Senate committee that examined this bill, all recommended divorcing the security activity from the RCMP, but not the law enforcement aspect which remains with the RCMP.

I consider this to be a good bill. I believe it is a bill which will give us something that no other country has, namely, a much better definition of the mandate of this service; much better protection of a citizen's right to dissent without fear of being considered disloyal or subversive for certain actions; much better control over the actions of the Security Service than exists in any other country; and it will help preserve the excellent reputation of the RCMP by divorcing it from activities which are political and leaving intact its relationship with Canadians, a relationship that it has enjoyed and fostered because of its excellence throughout all these years. That is why I ask for the support of honourable senators on the motion for second reading of this bill.

Hon. Lowell Murray: Honourable senators, Senator Nurgitz was scheduled to speak to this bill tonight on behalf of the Progressive Conservative Party. Unfortunately, he is unavoidably absent. Senator Nurgitz and other honourable senators on

this side, particularly those who have taken part in the deliberations of the Special Committee of the Senate on the Canadian Security Intelligence Service on the now defunct Bill C-157, will be taking part in this debate later and at the appropriate time and stage will be proposing amendments to the bill.

• (2040)

The honourable senator who just resumed his seat does well to congratulate the special committee on its work and commentary on the previous Bill C-157. However, I think I should point out at the outset that in some quite important respects the government has not implemented in this bill recommendations of that Senate committee which, I think, would have gone some considerable way to easing the apprehensions which many people continue to feel about this bill. Senator Gigantès, in referring to the existence of various threats to the security of the country in the course of his speech mentioned the recent case involving a lady who had attempted to blow up the Litton installations. The example is well taken, but I think it is only fair to point out that the lady in question was pursued, apprehended, prosecuted, tried and sentenced under the present law without any need for the kind of agency and powers proposed in this bill. The honourable senator also said that this bill attempts to balance the need for collective security with freedom of the individual. He tried at several points in his speech to demonstrate how this bill with its various safeguards protects the freedom of the individual. He referred to the political supervision of the Solicitor General which, I must say as a matter of principle and experience, is a rather thin reed to lean on, and then to the review committee proposed by this bill which, as I hope to demonstrate in the course of my remarks, is quite inadequate, for reasons he also alluded to in his remarks.

I was slightly surprised to hear the honourable senator claim such great things for this new agency in the light of an article that he wrote a few weeks ago in the Montreal *Gazette*, in which he said of the proposed new service:

> But we do need a service that can use dirty tricks to combat subversion. There are spies in this country and international terrorists. We must keep tabs on them.

The notion that we are setting up an agency for the purpose of using dirty tricks is not one the honourable senator emphasized in his speech this evening in commending the bill for second reading and is not one that I have explicitly heard, at any rate, from the other proponents of this bill, the ministers and members of the government who are recommending it to us.

I must say that some of his remarks this evening did not reassure me at all. I refer in particular to what I regard, at least, as an unfortunate choice of words when he posed the perhaps rhetorical questions on whether it is permissible for a Canadian to support the rebels in Afghanistan or whether it is permissible for a Canadian to support the Red Brigade. He told us that these are matters on which we will receive guidance in due course from the Solicitor General of Canada. As the honourable senator put it, this was the kind of political activity in which this new security service would be engaged. I must say that those remarks, coupled with his written article in the Montreal *Gazette* in which he recommends that we set up a service that can use dirty tricks, are not such as to reassure those of us who have very real concerns about this bill and about the proposed new agency.

I agree that it is important and, in fact, it is somewhat urgent that Parliament should act on the issues that are involved and at stake in this bill. Every knowledgeable person whom I have spoken to in the last few months—and I have spoken to a fair number of them on this matter—has emphasized the need to clear the air, and has stressed the danger of protracted delay on this matter.

The royal commission of inquiry headed by Mr. Justice David McDonald was appointed on July 6, 1977, just about seven years ago. Well before that date the security services of this country were under a cloud. Allegations had been made against them in Parliament and elsewhere and the security service was preoccupied with these allegations. A provincial royal commission was set up in the province of Quebec. Legal actions of various kinds ensued involving the security services. There were confusing and conflicting statements from members of the government for a period of time and there was, unfortunately, at times a conspicuous lack of support on the part of the government for the security service which, I believe, contributed to undermining public confidence in the security service and in damaging self-confidence and morale within the service. While the McDonald commission sat, it seemed, endlessly, they heard all the testimony and studied the matter thoroughly. They reported voluminously between October 1979 and August 1981. We had the now defunct Bill C-157 on which the special Senate committee under the chairmanship of our colleague, Senator Pitfield, made a study and report. Now, we have Bill C-9 on which there has been, as Senator Gigantès noted, considerable debate and lengthy committee sittings in the other place.

During all this time Canada's security services have been in a state of limbo. They could not know and they will not know until Parliament has acted on this bill and other issues involved in this bill what is to become of them. Under these circumstances recruiting has been very difficult. The state of uncertainty has caused apprehension among the friendly foreign security services with whom Canada must deal. Morale has been adversely affected and I must believe that the whole period of uncertainty has damaged the overall effectiveness of the security services in this country. So there is some urgency to addressing and resolving the issues that are at stake in this bill.

Having said that, I want to express my strong conviction that the bill should not pass without amendment, because there are important changes and improvements that ought to be made in it. I also agree that the security services should operate under a legislative mandate. I know there are some important countries where it has been possible for security services to operate with apparent success without such a mandate. In principle, I would be in favour of a legislative mandate, since I think it is important to subject all our actions

to the rule of law. However, the events of the past seven or eight years make it imperative that the role of the security service be defined; that the lines of authority and responsibility be clarified; and that the security service operate under a mandate from Parliament.

● (2050)

I believe it is the lack of such a mandate which is at the root of some of the problems which have occurred in recent years—the lack of a mandate as well as the mixed signals which have been sent out from time to time from government and its ministers to the public and the security service with respect to these matters, and the dizzying succession of solicitors general. We have had nine of them in 16 years. As I have said, the regrettable lack of support on the part of important people in the government for the security service is one other factor at the root of the problem.

Thus, I favour a mandate for the security service. However, I say this bill is seriously flawed. As I indicated earlier, other senators on this side of the house will be proposing some amendments to the bill at the appropriate time.

I would now like to refer to some of the more serious flaws as I see them. The first is with respect to the definition of "threats to the security of Canada". The definition is too broad and too loosely worded. The definition is broader in some respects than the one suggested by the McDonald royal commission. In other respects it is broader than considered necessary, or proper, by the Canadian Bar Association, by various provincial attorneys general and other competent witnesses. It is much to be regretted that the attempts of the opposition parties to amend the bill in the other place have been voted down by the government majority. Those amendments would have made the definition more acceptable and less open to subjective interpretation and abuse.

The second point, and not unrelated to the question of defining "threats to the security of Canada", is the question of the duties and functions of the proposed new service and what limits there will be on the service in the collection of information and intelligence. Clause 12 limits the service in its collection of information and intelligence to what is "strictly necessary". The McDonald commission recommended that clause 12 indicate that the agency's work should be limited to what is "strictly necessary for the purpose of protecting the security of Canada". Our committee endorsed the McDonald commission recommendation stating that the words "strictly necessary for the purpose of protecting the security of Canada" would have a salutary effect on the interpretation of the service's mandate. As it is now worded, clause 12 states "strictly necessary"; further on in the bill there are references to the "security of Canada". When one sees the words "strictly necessary" by themselves the question which arises is: "Strictly necessary" for what? In looking at this particular clause the Attorney General of Ontario, Mr. McMurtry, said that while these words taken in isolation are appropriate, when read in the context of the new provisions they are virtually meaningless. He also said that they have been thoughtlessly and carelessly thrown into the middle of the provision in such a way that they give rise to more questions than they answer; and that service is directed to collect information to the extent that is strictly necessary; but the question "Strictly necessary for what?" is left unanswered. Mr. McMurtry points out that the result of leaving this question unanswered is to permit the service to define its own mandate.

I recognize that an argument could be made on the other side that in clause 12 there are references to "protecting the security of Canada." However, for some reason which I find difficult to understand, the government has resisted attempts to clean up that clause and make it much clearer and more precise than it is.

I tell honourable senators that the change about which I am speaking has been urged upon the government not only by the Attorney General of Ontario but by the British Columbia Law Union, the Canadian Bar Association and the Attorney General of Saskatchewan. I very much regret that amendments proposed in the other place with respect to this matter were voted down by the government majority.

Most important, it seems to me the bill is gravely flawed in terms of the supervision of the proposed new service, the external review of its activities and its accountability to Parliament. Senator Gigantès made several points in his speech this evening with respect to parliamentary control. Frankly, provision for that does not exist in the bill except to the extent that the Solicitor General, like all ministers, is accountable to Parliament. There is no provision whatever for any parliamentary overview of the activities of this proposed new service.

It is proposed that there shall be an officer to be known as the "Inspector General" who will be appointed by Order in Council. He or she will be responsible to the deputy minister, that is, the Deputy Solicitor General. The Senate committee described the role of the Inspector General as being "the ministry's eyes and ears on the service." However, this Inspector General—the ministry's eyes and ears on the service—will not be allowed to see cabinet documents. That is a major flaw. He or she is supposed to monitor compliance by the service with its operational policy. He or she is supposed to review the operational activities of the service. With what qualifications, with what expertise, with what information can the proposed Inspector General carry out this job without access to relevant cabinet documents? In answer to that question I quote the Attorney General of Ontario who said:

> The danger is that this secrecy provision can permit the government to exercise political control over the activities of the service in a manner which is immune from effective review. I believe that there is great merit in the words of Professsor Peter Russel, who said in relation to the denial of access to cabinet documents that:
>
> > A government that is itself so distrustful is not entitled to the trust that this legislation demands from the people it represents.

The bill before us proposes the establishment of a security intelligence review committee. This committee is to consist of three to five privy councillors who are not members of the

Senate or the House of Commons. This is supposed to be one of the key safeguards which Senator Gigantès referred to a few moments ago. However, the proposal is badly flawed. The proposed security intelligence review committee will be allowed to review the operations of the new security service but not of other government agencies which are also dealing with intelligence and security matters.

There was abundant testimony before the Senate committee and, later, before the House of Commons committee studying Bill C-9, indicating that there are a number of other government agencies that have important security intelligence roles and facilities. There is the communications security establishment in the Department of National Defence; there are the security and intelligence responsibilities at External Affairs and at the Canada Employment and Immigration Commission, and a security facility under the Department of Supply and Services. The new security service proposed in this bill will be interacting with all these other agencies and receiving information from them.

• (2100)

We believe that these other agencies that are involved in security and intelligence matters must be brought within the purview of this Security Intelligence Review Committee. After all, this review committee is supposed to assess the reliability of information that will be coming to the new agency from these other agencies and, more importantly—and this is something that the Senate committee alluded to in another connection—it is very important to make sure that the new CSIS does not hand off some activities to these other agencies in order to put those activities beyond the reach of the oversight and review procedures.

The second flaw which was referred to by Senator Gigantès is that the review committee will not be permitted to see relevant cabinet documents. It has no right to do that. Senator Gigantès has told us that this does not mean that the Cabinet, in its wisdom and goodness, will not allow them to see some documents if it judges that that is the way to go. However it would be, in the words of Oscar Wilde, a triumph of hope over experience to think that the Cabinet would really release documents of this kind to such a committee.

Hon. Royce Frith (Deputy Leader of the Government): I thought that was the definition of second marriage. I would not imagine that Oscar Wilde would say that.

Senator Murray: Nevertheless, I believe it was Oscar Wilde and it is a very apt description—

Senator Frith: I have no comment on that—

Senator Murray: It is a very apt description of Senator Gigantès' optimism as to the prospects of obtaining this kind of information from the government. If this review committee is to do its job; if it is to be one of the key safeguards, it must have access to relevant cabinet documents. What I am saying to honourable senators is that we are not talking about having access to cabinet documents that are not relevant to the work of the Security Intelligence Review Committee, but it will be very important to follow the "flow" from the advice that is given to the government in the first instance by the security agency, to the decision that is made by the government and the instructions that are given by the government to the security agency. These, I think, are of some considerable importance.

Again, efforts were made by the opposition in the other place to change these provisions, to give the Inspector General the tools he needs to do his job, to strengthen the mandate of the review committee in order to give them access to the information they need: All of these things have been voted down by the government majority in the other place.

The Progressive Conservative Party in the other place also proposed the establishment of a parliamentary oversight committee to review the administration and operations of Bill C-9 on a permanent basis. The need for such a committee of parliamentarians has been voiced by the Canadian Civil Liberties Association; by La Ligue des Droits et Libertés; by the Canadian Council of Churches. Once again, this was voted down by the government majority in the other place.

I say, therefore, that the bill is badly flawed and that the dangers that many people have always apprehended in the creation of a new civilian security agency are not put to rest by this bill. The McDonald commission acknowledged the apprehension of many people that such an agency would be susceptible to partisan motivations and to the direction of the political party in power. However, the McDonald commission sought to reassure us, and I quote from their second report, Volume 2 at page 762:

> As we have argued several times in the Report, the need is to have a security intelligence simultaneously under the direction and control of government, but not used for partisan purposes. Our recommendations regarding the appointment and term of office of the Director General, the role of Parliament in the governance of the security intelligence function, and the establishment of an independent review body, all have been designed to provide safeguards against partisan abuse.

There, the McDonald commission is saying "Not to worry; look at all the safeguards we have recommended." But what has become of them? What about the Inspector General, the so-called eyes and ears of the minister? The eyes and ears are going to fly half blind and half deaf, forbidden to see relevant cabinet documents.

The Security Intelligence Review Committee—not allowed to see cabinet documents either; only authorized to monitor the new security agency and not the other government agencies that are also engaged in security and intelligence work. What about the parliamentary oversight committee, which was one of the central recommendations of the McDonald commission?—rejected outright by the government; voted down by a government majority in the other place.

This bill offers insufficient protection against abuse of power and position by the new agency and by its political masters. When I talk about abuse of power and position, I am not talking about some hypothetical danger posed by some extreme radical fringe group that gets into power by some

accident at some distant date in the future. I am talking about extremist tendencies in the government that we have had in this country for the last 15 years; the tendency to treat adversaries of the Liberal Party and opponents of Liberal policies as if they were enemies of the state; a tendency that we have known only too well now for 15 years. Who has not seen the paranoia of some Liberal members and ministers, particularly those from the province of Quebec, whenever Radio Canada is mentioned; the search for separatists under every bed; the search for closet Péquistes in the public service? How quick they are to invoke national unity to rationalize any action or any abuse of position or power; how quick they are to accuse their opponents of fostering national disunity?

Some of us have long memories around here. I remember a time when Pierre Trudeau, stung by something he heard, started throwing "crypto-separatist" as a description of Robert Stanfield. The other day, Robert Kaplan, the Solicitor General of Canada, comes out of the House of Commons, just after this bill passed, and accuses the NDP of "parliamentary terrorism." How do you like that for a description? I say that when such phrases fall so readily from the lips of one of the chief law officers of the Crown, are we not justified in worrying about the kind of use or abuse that would be made by such a person or such a government of a Security Intelligence Agency—

Senator Frith: We will take that question as notice—

Senator Murray: The record of the government is replete with examples of abuse of position and power over the past few years. The Minister of State for Social Development is not here tonight, but he knows, perhaps better than anyone else in this house, the story of the 1976 Order in Council preventing access to information respecting the uranium cartel. Throughout much of 1977, the government denied that there was any such cover-up until the opposition obtained a copy of the Order in Council and put it on the table.

Hon. David Walker: Was he the minister at that time?

Senator Murray: I believe the Honourable Senator Austin was the deputy minister at that time.

• (2110)

Much of the issue advertising that is done by the Government of Canada with taxpayers' money is a blatant abuse of the government's power and position, and the latest examples of that are these magazines, copies of which I have in front of me, put out by something called the Canadian Unity Information Office, a Liberal propaganda plant in the middle of the public service, extolling Liberal MPs—

Senator Frith: Speaking of paranoia.

Senator Murray: —and their pictures.

Hon. D. G. Steuart: You are now into politics; what about the security service?

Senator Murray: I am talking about the abuse of power and position by this government. I am telling you why this government cannot be trusted with such a weapon as a security agency.

Senator Steuart: You are getting paranoid and talking about something dripping from the lips.

Senator Murray: I will send my honourable friend copies of the English version of some of these magazines that are being distributed by the Government of Canada in the province of Quebec.

Senator Steuart: Send the French version.

Senator Murray: I can tell him that they distribute magazines in Saskatchewan also, but those magazines do not contain pictures of the members of Parliament from Saskatchewan nor glowing write-ups on the members of Parliament from Saskatchewan.

It is all right to laugh about this, but this is an abuse of the taxpayers' money, an abuse of power and position. I do not think it will get them any more votes, but it certainly gives the political system a bad name.

Senator Steuart: What about the security agency?

Senator Murray: I am talking about the abuse of power and position on the part of this government.

Then there are people such as Robert Rabinovitch—whose name is at least known to the ministers sitting on the front bench—the Deputy Minister of Communications on the telephone calling Donald MacSween, the Director of the National Arts Centre, Tim Porteous, the Director of the Canada Council, Brian Anthony, the Director of the Canadian Conference of the Arts, telling those heads of supposedly independent agencies that the government will not tolerate criticism on their part of Bill C-24, and that at a time when a parliamentary committee was endeavouring to determine what the views of the heads of those so-called independent agencies were on that piece of legislation.

Senator Frith: We do not have Bill C-24 before us.

Senator Murray: It is before the other place. That is a bill dealing with crown corporations.

Senator Frith: Are you debating that now?

Senator Murray: I am debating the abuse of power and position on the part of the federal government.

Senator Frith: You are showing your paranoia.

Senator Murray: I used the name of Robert Rabinovitch because the name has been in the public domain over the past little while. That is just the latest example, but there are other Robert Rabinovitchs placed in key positions in the public service by a government intent on suborning the public service. That is where they are and that is what they are doing.

Senator Steuart: You should have given them your attention when you were in power for six months.

Senator Murray: The Robert Rabinovitchs are told to call people such as MacSween, Porteous and Anthony and tell them that the government will not tolerate criticism of a bill,

even when a parliamentary committee is trying to determine what the views of those people are.

Senator Walker: That is shocking.

Senator Murray: Of course it is shocking. Those people are there to do the bidding of their political masters. When you tax them with these activities they offer the classic defence: "We were only following orders". I say that in such an atmosphere of pressure and intimidation on the part of the government juggernaut, we are justified in demanding more and better safeguards in the operation of a new security intelligence agency. I know that some honourable senators will say that those are the bad old days I am talking about, that Mr. Trudeau is leaving now and that a new page will be turned with the advent of a new Liberal leader and Prime Minister.

Hon. Duff Roblin (Deputy Leader of the Opposition): It will be a blank page, I can guarantee you that.

Senator Murray: Before we turn the page I think we should take one look back.

Senator Frith: Going through life looking in a rear view mirror.

Senator Murray: I think we should take one more look back at that page, and the particular page to which I should like to draw the attention of honourable senators is page 34 of the Third Report of the McDonald commission.

Starting at page 34 and going on for a number of pages the McDonald commission recounts an incident which took place in December of 1970, a meeting attended by Prime Minister Trudeau, the Honourable John Turner, who was the then Minister of Justice, and Mr. Starnes, the then Director General of the security service. At that meeting Mr. Starnes told the gathering that the security service had been committing illegal acts for 20 years. Pierre Trudeau does not appear to have said very much about that when it came up, but what the notetakers recorded him as having said, he was later able to persuade the royal commissioners should have been attributed to somebody else, that he did not make those statements.

Mr. Turner, however, was not quite as fortunate because his reaction, when confronted with that statement by the head of—

Hon. Robert Muir: Which Turner?

Senator Murray: I am speaking of the Honourable John Turner, soon to be the Right Honourable John Turner. When confronted with this information about illegalities, his concern was for the image of the police and whether they were going to get caught. I will let the McDonald commission tell the story. At page 34, it states:

> Our inquiry into the December 1st meeting of the C.C.P.P.—

That is the Cabinet Committee on Priorities and Policy:

> —began when access was obtained by us to the minutes of the meeting and subsequently, in response to our request and upon the decision of Prime Minister Trudeau, we were given a copy of an extract of those minutes.

Indeed, as Senator Gigantès has pointed out, some of those things were made available to the McDonald royal commission, and perhaps we should take a pause for a moment to salute Mr. Trudeau for having shared those notes and records with the McDonald commission, knowing that they would reflect badly on a valued former colleague, the Honourable John Turner. I am sure it must have pained Mr. Trudeau to do that, almost as much as it pains me to have to recount it.

In any event, to return to the narrative of the McDonald commission, it goes on to state:

> We were also given a copy of certain notes that had been made at the meeting by Mr. L. L. Trudel and Mr. M. E. Butler, then Assistant Secretaries to the Cabinet (these documents together form Exhibit VC-1). Mr. Trudel's notes are entitled "Police Operations page 5". The fourth page of those notes recorded the following discussion:
>
> STARNES: misunderstanding of contradiction
>
> —has been doing S & I illegal things for 20 years but never caught
>
> —no way of escaping these things
>
> TURNER: If you are caught . . .
>
> then what of police image
>
> Should you not be disassociated
>
> STARNES: Can be done within RCMP—Has been. What do we do in these circumstances, guidelines.

There is much more. As I said that quotation begins on page 34 and goes on to the top of page 35. The story goes on for many pages. There is much more to it and much more nuance; there is a report on what various cabinet secretaries and officials said to the royal commission; there is a report on Mr. Trudeau's testimony before the commission; and there is a report on what Mr. Turner said about the meeting, and he could not recall anything about it.

In any case, the final word is to the McDonald commission. They state at page 64 the following:

> We find that on December 1, 1970, Mr. Trudeau, Mr. Turner and other persons present were told that the Security Service had been doing illegal things for twenty years. We are satisfied that Mr. Trudel's handwritten notes record words used by Mr. Starnes at the meeting of December 1, 1970, namely that the Security Service had been doing illegal things for 20 years and had not been caught. We further find that those notes support the conclusion that the Honourable John Turner heard what Mr. Starnes said since he replied "If you are caught . . . then what of police image . . . should you not be dissociated"

I think that the most charitable thing that can be said about Mr. Turner's response to that situation as the chief law officer of the Crown in this country is that it was inadequate. Given his attitude, as revealed from these notes of this cabinet committee meeting, we should be no less apprehensive about possible abuses by the government of a new civilian security agency, and we should be no less convinced of the need for

stronger safeguards and for more effective, independent review than is contained in this bill and for a parliamentary watchdog over the agency.

● (2120)

Finally, I think that the lack of adequate safeguards in this bill—in the review committee, the Inspector General and the lack of a parliamentary watchdog—makes more dubious the wisdom of separating the secruity service from the Royal Canadian Mounted Police. I have sought over the past few months without success an answer to this question: What has been wrong with the security operations that could not be rectified by leaving the security service within the RCMP?—not that the RCMP is eager to keep the security service within the fold. On the contrary, many people who love the Royal Canadian Mounted Police and respect it and have been a part of it feel that their reputation has been damaged by the events of recent years and, most notably, by the lack of support on the part of the government for their servants. In any case, the arguments that have been put forward in support of removing the security service from the Royal Canadian Mounted Police are not all that convincing. On the one hand they say the RCMP are somehow not qualified for this role, and in the next breath they tell you that 90 per cent of the RCMP now in the security service will be rolled into the new agency. On the one hand we are told that the RCMP are not accustomed to or trained for an intelligence gathering role and, yet, in co-operation with other police forces at home and abroad a very significant part of their investigative work in the drug trade, in commercial crime and so on, is one of intelligence gathering. We are told that special recruitment and special training are required for a security intelligence role. I do not know why that special recruitment and training could not be as well done within the RCMP as outside of it.

Against removing the security and intelligence function from the RCMP I believe that there are some strong arguments, namely, the fact that they have a proud tradition, an esprit de corps and an integrity that offers some added insurance against the abuse of the security forces for partisan political purposes, and the fact that the RCMP, including the security services, has an excellent working relationship with other police forces in Canada and with the security forces of allied countries. These arguments have added weight at a time when the government is proposing a new agency which is flawed in its concept due to inadequate provisions for supervision, insufficient external review and no real parliamentary overview.

Some Hon. Senators: Hear, hear.

On motion of Senator Macdonald for Senator Kelly, debate adjourned.

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Peter Bosa moved the second reading of Bill C-40, to amend the Old Age Security Act.

[Senator Murray.]

He said: Honourable senators, it is with great pleasure that I participate in the debate on Bill C-40, to amend the Old Age Security Act. This is a very important piece of legislation which directly affects a large number of Canada's pensioners.

There are two major changes in Bill C-40. The first proposal is a $50 monthly increase in the Guaranteed Income Supplement. The second proposal is to provide the same minimum income guarantee to persons receiving partial old age security pensions as that provided to persons receiving a full pension.

The Old Age Security Program is often described as the first tier of Canada's three-tiered retirement income system. Under this program all persons who meet the necessary age and residence requirements are provided with a basic old age security pension. This pension is an earned right, intended to provide a base to which income from other sources, such as the Canada Pension Plan and private arrangements, can be added.

There is another purpose to the Old Age Security Program, namely, to ensure that all pensioners are guaranteed a level of income sufficient to meet their basic living needs. This goal is to be met through the income-tested Guaranteed Income Supplement. The changes in the Guaranteed Income Supplement Program that are before us today are designed to meet that goal.

The first major change contained in the bill is a two-stage increase in the Guaranteed Income Supplement benefit provided to low-income single pensioners and to one-pensioner couples. The increase will also be provided to widowed spouse's allowance recipients. Specifically, those pensioners will see the amount of their benefits increase by $50 in 1984—a $25 increase this July and a further $25 increase in December.

Approximately 750,000 current Guaranteed Income Supplement recipients will receive the full $50 increase. In addition, about 25,000 old age security pensioners will begin to receive a partial supplement. These are the pensioners who, without the $50 increase, have just enough income from other sources to make them ineligible for any supplement right now.

Providing an adequate retirement income to those single pensioners who rely heavily on the income provided through the Guaranteed Income Supplement Program is a goal many of us have always strongly supported. This support was shown in 1979 when the Guaranteed Income Supplement provided to single pensioners was increased by $20, and again in 1980 when each low-income pensioner-household received a $35 increase. These increases, $55 in total, were important and were of real benefit. However, they were not enough. Single pensioners who must depend almost entirely on the Old Age Security pension and Guaranteed Income Supplement to make ends meet, are still not guaranteed an income sufficient to meet their basic needs. This concern was raised when we debated the 1979 and 1980 increases.

The situation has been particularly bleak for single female pensioners. Many of these women spent the majority of their adult lives working outside the paid labour force and now find themselves alone. These women worked in their homes and communities doing jobs for which there was no pay cheque

every week or every two weeks. As a result, they do not have personal pension protection from the Canada and Quebec Pension Plans, or from employer-sponsored pension plans. These earnings-related retirement savings vehicles are available, at best, only to members of the paid labour force.

• (2130)

While some of these women are receiving survivors' benefits based on their deceased husbands' pension entitlements, a majority of single elderly women rely on the Old Age Security program for a high proportion of their total retirement income. In fact, almost 32 per cent of current single GIS pensioners receive the maximum supplement. For these 235,000 pensioners, the basic Old Age Security pension and the income-tested Guaranteed Income Supplement are the only income they have, unless they live in a province which provides an additional "top-up" benefit.

Virtually everyone who was involved in the pension reform process over the last few years supported an increase in the Guaranteed Income Supplement for single pensioners. They recognized that this vulnerable group should have access to an adequate level of retirement income, but not many could define what "adequate" was.

We had no such problem. Thanks to the efforts of the Honourable David Croll and his committee, which released the report of the Special Senate Committee on Poverty in 1971, we have known the definition of "adequate" for years. Even back then, this chamber pointed out that single persons need at least 60 per cent of the income of a couple to maintain the same standard of living. It took a long time, but the other place finally listened. As the combined OAS-GIS level provided to two-pensioner couples is already considered sufficient, it was decided that the GIS single rate must be increased to equal at least 60 per cent of the income guaranteed to couples.

That goal will be reached—in fact, it will be exceeded—if honourable senators give approval to the proposed $50 increase which will be made in addition to the regular, quarterly cost-of-living increases. By December of this year, single low-income pensioners will be guaranteed 62 per cent of the income guaranteed to two-pensioner couples.

This fiscal year, the $50 increase will raise program expenditures by $250 million. In 1985-86, estimated additional costs are $460 million. I think you will agree with me when I say that this will be money well spent.

As honourable senators may be aware, the report of the Task Force on Pension Reform, made up of members of the other place, proposed a $102-per-month increase for single Guaranteed Income Supplement recipients. I want to take a moment to explain why this proposal was not accepted. Specifically, the task force proposed to add a special top-up of $102 to the current Guaranteed Income Supplement benefit, which would then be taxed back at 100 per cent. Thus, for every $1 of income a pensioner receives from other sources, the top-up would be reduced by $1. Certainly, the income provided to those single pensioners who currently receive a maximum Guaranteed Income Supplement would have been greater than with the $50 increase proposed in this bill. However, it would have done absolutely nothing for most partial single GIS recipients.

As well, I would remind honourable senators that the income test currently used to determine eligibility for the Guaranteed Income Supplement was designed to encourage pensioners to make personal provision for their retirement. For every $2 of personal income a pensioner has, the supplement is reduced by only $1. The dollar-for-dollar reduction that the task force proposed would certainly not encourage personal initiative, especially by those who can only make modest provision for their retirement.

I would now like to address the other major amendment contained in Bill C-40. This proposal will ensure that anyone in Canada receiving a partial Old Age Security pension will have the same income guarantees as those provided to full pensioners. Specifically, a partial pensioner with no other source of income will receive a Guaranteed Income Supplement equal to the amount needed to give him or her the same total income provided to a full pensioner through the OAS-GIS program.

For partial pensioners who have some other source of income, the amount of their Guaranteed Income Supplement will, of course, be diminished by $1 for every $2 of additional income they have.

As honourable senators may recall, prior to 1977, eligibility for a basic Old Age Security pension was determined on the basis of some rather complex residence rules. Those residence rules were unfair because, one, they treated the same length of residence in Canada differently depending on when it occurred; and, two, an individual either qualified for a full basic benefit or for none at all.

As a result, the Old Age Security Act was amended in 1977 to provide for the payment of partial pensions to persons with at least 10 years, but less than 40 years of residence in Canada. As a result, the basic OAS pension is now earned at the rate of one-fortieth of the full benefit for each year spent in Canada after age 18.

At the same time, the act was amended to enable the federal government to include Old Age Security benefits in international social security agreements. These agreements allow immigrants to bring to Canada the pension rights they have earned in other countries. Such rights can then be combined with rights earned here to meet eligibility rules for Canadian benefits, such as the 10-year requirement for OAS. Currently, agreements are in force with five countries: Italy, France, Portugal, Greece and Jamaica. An agreement with the United States is expected to come into force this August. In addition, an agreement with Belgium has recently been signed and it is hoped that it will be effective by mid-1985. Negotiations are also under way with a number of other countries.

It was hoped that persons who qualified for partial benefits would, because of the years they spent in another country, also be receiving social security benefits from that other country. This is happening and has been greatly facilitated by the

international social security agreements Canada has already negotiated. Nevertheless, there are those partial OAS pensioners who are not receiving any other income. In short, they are guaranteed less, in total, under the OAS-GIS program than persons who have always lived in Canada.

Honourable senators, Bill C-40 will eliminate this inequity. It will guarantee low-income recipients of partial OAS pensions the same minimum level of income as other pensioners. It will provide additional GIS to fill the gap between the partial and full OAS benefit levels. About 3,000 persons, primarily immigrants, will be helped by this amendment in the first year; by 1990-91, it is estimated that as many as 25,000 will benefit.

While the changes in the Guaranteed Income Supplement for single pensioners and for partial pensioners are the most important aspects of this bill, it also contains a number of miscellaneous and technical amendments. These amendments are designed to make the Old Age Security program more responsive to pensioners' needs. For example, the bill proposes to extend the retroactivity period for receipt of a basic OAS pension to five years, from the current one year. As I mentioned earlier, the pension is a right which is earned based on years of residence in Canada. Therefore, we want to ensure that the very small number of pensioners who fail to make application within 12 months of their eligibility date are not forfeiting benefits which they have earned.

Another proposal which is very important, even though it may not affect a large number of pensioners, concerns the time frame for granting "single status" to an Old Age Security pensioner whose marriage breaks down. Currently, an individual can only be considered single one year after the end of the fiscal year in which separation occurs. Thus, the waiting period for entitlement to GIS at the single rate can range from one to two years. This can cause severe hardship in cases where most of the couple's income is paid to one spouse. The spouse with little or no income must get along on a supplement that is calculated on a level of income which he or she simply does not have. This is unacceptable.

• (2140)

While I do believe that a reasonable waiting period is justifiable, I believe it should be shorter and should be the same for all spouses, regardless of when in the year they separate. For this reason the proposal contained in Bill C-40 will shorten the waiting period to six months following the month of separation.

Several other amendments are proposed in an effort to make the old age security program more equitable and efficient. Included are provisions allowing for post-mortem application; compensating pensioners who lose any benefit entitlement as a result of administrative error or erroneous advice; authorizing, where necessary, the issuing of a certificate on presumption of death; repealing an unnecessary and potentially misleading provision dealing with benefit entitlement under international social security agreements; and, finally, the changes necessary to co-ordinate Canada Pension Plan benefits with other sources of pension income for Guaranteed Income Supplement entitlement purposes. More details on these amendments are included in the information package which has already been provided to honourable senators.

Honourable senators, this is an important piece of legislation. There has been a constructive debate in this country for many years about the best way to build better pensions for Canadians. Bill C-40 is the first step in that building process. It recognizes that our first priority must be to provide help for today's pensioners—the ones who stand to gain little, if anything, from reform of other aspects of the pension system.

The changes contained in this bill are only the beginning. Work is also under way to obtain agreement with the provinces on a wide range of changes to the Canada Pension Plan and the Pension Benefits Standards Act. As well, the private sector is being consulted on the proposed changes in the tax assistance provided to assist individual Canadians to save for retirement.

As I am sure all senators will agree, only by improving the vehicles available to Canadians to plan for their retirement will we eventually be able to reduce the role of the Guaranteed Income Supplement program. It is my fervent hope that, in the long run, measures to increase income-tested benefits will not be necessary—measures which, after all, reflect the failure of other pension vehicles to perform as they should. The federal government must take the lead in legislating pension reform, just as it took the lead in the long period of study and consultation that preceded today.

Honourable senators, these are the main features of this legislation. There will be an opportunity to discuss it in greater detail when it is referred to committee. It is my understanding that that will take place after the opposition has made its views known on second reading. Thank you.

On motion of Senator Marshall, debate adjourned.

NATIONAL HOUSING ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-37, to amend the National Housing Act.

He said: Honourable senators, Bill C-37 is of particular interest to two important groups of Canadians: first, mortgagors—particularly those who fear rises in interest rates on the renewal of their mortgages—and, secondly, the native peoples, since the bill will improve and make available for the first time throughout Canada provisions of the Rural and Native Housing Program.

With reference to mortgage financing, honourable senators will recall that interest rates have not fluctuated a great deal over the last while. Although they may change, they do not change as dramatically as they did in 1981, for example, when they exceeded 20 per cent.

Hon. Duff Roblin (Deputy Leader of the Opposition): Keep your fingers crossed!

Senator Frith: Yes, we will all do that.

Honourable senators, that rise in interest rates, of course, had a marked effect on the attitude towards borrowing, with the expected ripple effect throughout the economy. People were worried about interest rates—people could not get long-term financing—and naturally hesitated to buy houses. Because of that hesitation, the construction industry was seriously affected and that is the ripple effect to which I refer.

This Mortgage Rate Protection Program is intended to help restore confidence in the housing market and to allow home owners to plan their expenditures a few years in advance, with some assurance that their expectations will be fulfilled. What this MRPP, as it is called, does is protect home owners against unexpected and ruinous increases in mortgage interest rates. The fee for this protection is 1.5 per cent of the value of the mortgage. Mortgages with a value of up to $70,000 will be covered. The protection applies only to first mortgages. Claims will be paid to cover some of the additional costs arising from increased mortgage rates at the time of renewal. No claim will be paid for the first two percentage points of the increase—which is similar to the deductible clause in an insurance policy—after which the program will pay for 75 per cent of the increased costs, up to an additional 10 percentage points.

In effect, honourable senators, this is an insurance policy. The term of it will match the term of the mortgage. In other words, if it is a one-year mortgage, for a fee one can buy this insurance for a renewal of one year. If it is a five-year mortgage, the term for the renewal will be one of five years. In effect, then, if a mortgagor takes out a five-year mortgage he will get ten years of protection, because the first five years is covered by the mortgage itself in which the interest rate is set, and the protection for that insurance portion would continue for another five years.

As to the other features of the bill, first, it is a voluntary program. No one will be compelled to participate in it. The provisions are quite straightforward, I believe, and home owners will be able to decide for themselves, in the light of their own financial circumstances, whether it will be of benefit to them. We can imagine that it will benefit a great many people, particularly young married couples and first home owners. In many cases, such young people have to strain their financial resources to find the downpayment. They are probably making some sacrifices to meet their monthly payments of principal, interest and taxes. Picture such people with a three-year mortgage, stretching all of their finances in order to be able to own their first home, when it comes to renewal time and they face an increase of five, six or seven percentage points. That could make all the difference, resulting in the loss of their home.

There will, of course, be those people who can withstand an increase of four or five percentage points over five years who might decide that this is not a program for them, that they do not wish to pay the fee to have that protection. It is a matter of choice, therefore, and everyone is free to decide whether he needs the program's protection. It is not a way of protecting all homeowners against all increases in mortgage interest rates. It is a way of heading off unexpected and unmanageable changes. In effect, it is a cushion.

• (2150)

With regard to the first two percentage points, of course, the homeowner is sharing with the government the risk of increased rates through the 2 per cent deductible and other features. It is hoped that it will encourage shopping among lenders for the most beneficial rates, and thus preserve competitiveness in the mortgage market. This is an important element in the government's overall strategy for economic recovery and the restoration of financial stability.

There are two other aspects that should be highlighted. With reference to mortgage protection, there is an added feature of mortgage-backed securities. The third and last element is the rural and native homeowner feature that I mentioned at the outset.

Dealing with the second part—that is, mortgage-backed securities—honourable senators may be aware that such securities have been available in the United States for several years, and they have had a beneficial effect on the U.S. mortgage market. They have brought into the market long-term investors such as insurance companies and pension funds which previously had shown little interest in mortgages as an investment. More importantly, mortgage-backed securities have had the effect in the United States of extending mortgages in some cases to terms of 20 or 30 years. At the moment, as honourable senators will probably know, five years is virtually the maximum term available in Canada. To the extent that the term can be extended—and we shall have to see whether the program does that—it would allow homeowners to develop their financial plans with a greater sense of security.

Mortgage-backed securities would also have the effect, as they have had in the U.S., of making mortgages more attractive to the individual investor. As honourable senators know, they can be sold like bonds and give investors more flexibility and liquidity in managing their portfolios, because as honourable senators who as mortgagees have held mortgages will know, they can, of course, be assigned, but there is not a market for them as there is for normal investments. Therefore these mortgage-backed securities would have that flexibility.

As to how it works, the financial institutions would have a pool of mortgages and use them as backing for securities. The securities would then be sold to investors. The investors would receive each month their share of principal and interest payments on the mortgages less the servicing fee paid to the institution issuing the securities. The proceeds from the sale of the securities would then be invested in new mortgages having the same term as the securities—perhaps even 10 years.

The government's role in the system, and the reason for this bill, is that it would provide insurance guaranteeing that payments would be made in a timely fashion to the holders of the securities—that is, the securities issued by the institution backed by the pool of mortgages. Those guarantees would be financed by premiums on a self-sustaining basis, and like the mortgage rate protection program, which is virtually an insur-

ance program, would not involve any public subsidies. There are no public subsidies either in the mortgage backed plan or in the mortgage protection plan.

Senator Roblin: There could possibly be a subsidy element there—a large one.

Senator Frith: There is a risk, definitely.

Senator Roblin: You said there would be no subsidy. But there will be.

Senator Frith: It depends on which word you wish to use. There are risks. It is hoped that in the long run there will be neither a loss nor a profit. To make up any loss, and to suffer the risk, you might wish to call it a subsidy. But the point is that the fee is meant to finance the program. I say it is not a subsidy although the honourable senator says it is. It is not a subsidy program. It is a self-financing program, and the subsidy, if the honourable senator wishes to call it that, can only come if there is a loss in the scheme. But it is hoped there will not be.

MRPP and the system of mortgage-backed securities will not in themselves solve all of the homeowners' problems, but they do represent an important element in the government's strategy to enhance the financial security of all Canadians.

The third aspect of the bill is the rural and native housing. This is really in a different category from the two I have just mentioned. There are many individuals and families—people of native ancestry—who live in the rural and more remote parts of this country, and because of geography, historical and cultural circumstances have housing problems that are different in nature, and of a degree of severity different from that of most people living in cities and large towns. The government for many years has been conscious of their special needs and approximately 10 years ago introduced the program called the Rural and Native Housing Program.

Honourable senators will recall that under that program people living in rural areas and communities of 2,500 population or less were offered forgivable loans to help restore houses to acceptable standards of health and safety, and there were special grants for emergency repairs. It also provided assistance to enable people to acquire their own homes by subsidizing mortgage payments and taxes, and assisting with the cost of utilities. There is some assistance for rented housing, but rentals do not represent a large proportion of the housing stock in rural areas.

With the exception of the home ownership assistance and a limited assistance for rentals, all elements of the program are funded solely by the federal government. Under the terms of the National Housing Act, the home ownership and rental assistance must be cost shared with the provinces.

Why are we introducing this program, when a program was fully set up previously? The problem is that some provinces had participated in the program but have withdrawn, and others had never participated in the program, as in the case of Quebec. The program has been reviewed with the assistance of native organizations, and the government believes that it must become more efficient and effective if it is going to catch up with the backlog of need. Therefore a number of improvements have been introduced which do not require legislative change.

The most serious limitation on the program is the requirement that home ownership assistance must involve provincial participation. As I have mentioned, that participation has not been consistent. Prince Edward Island has not contributed to the program since 1977, and New Brunswick since 1983. British Columbia withdrew this year, and Quebec has never participated. The effect of these withdrawals or abstentions has been that the people in those provinces, who would otherwise have been entitled to all of the program's benefits, have been denied help in acquiring their own homes or in renting suitable accommodation. Also, some of the provinces, while participating, have attached terms and conditions to their contributions which, in many cases, are at odds with the aims and objectives of the program.

The third feature of this bill is to remove from the National Housing Act the requirement for provincial participation and to allow the federal government to fund all aspects of the Rural and Native Housing Program; also to see that all of the benefits are delivered to all of those people who, as Canadians, are entitled to receive them. In doing so, the government will seek the co-operation and financial participation of provinces, but it will not be a condition.

An added feature to this aspect of the bill will allow Canada Mortgage and Housing Corporation to enhance the assistance available to people in the designated areas who are acquiring their own homes. It would permit CMHC to make additional payments to cover heating costs which, in some remote areas, actually exceed monthly mortgage payments.

So the effect overall, honourable senators, is that in different ways this legislation will assist Canadians in all parts of the country to cope with pressing housing problems. For those homeowners and prospective homeowners who are anxious about their ability to cope with unpredictable mortgage interest rates, it offers a self-help protection plan to extend their planning horizons and to increase confidence in the housing market. For people in rural areas, and particularly people of native ancestry, it ensures that they will benefit from the full range of assistance available to deal with their special housing problems and needs.

The three main subjects to which I have referred are dealt with in the bill. The first is dealt with in the first two clauses, the second in the next ten clauses and the third in the balance of the bill. I am sure honourable senators are aware that there are high hopes that the benefits of this legislation will be enacted into law during this session of Parliament, so I commend it to your earnest consideration.

• (2200)

Senator Roblin: Before the debate is adjourned, I seek the assurance that when this bill goes to committee tomorrow afternoon, as I expect it will, there will be present officials or other knowledgeable people who can deal with the budgetary and financial aspects, including the element of subsidy that is

foreseen and the numbers of people who are affected by this bill. I think it would be helpful in concentrating our minds as to the meaning of this bill to have some of the figures involved in it before us. In view of the pressures of time that we are feeling, I think it wise to give my friend notice that I hope to ask those questions at the committee meeting tomorrow.

Senator Frith: Honourable senators, I have quite a bit of that information here and can answer some of the questions now. I have some material with reference to its application to the provinces but that information can also be obtained in committee. Of course, I have no objection to the bill going to committee.

Hon. Orville H. Phillips: Honourable senators, before moving the adjournment of the debate, would the sponsor explain the proposed section 34.89 and subclauses 13(a) and (b), which deal with the financing and appropriation of funds.

Senator Frith: Clause 13 deals with amendments to subsection 55(7) of the act and provides the minister with statutory financial authority for advances out of the Consolidated Revenue Fund for the purpose of housing carried out in designated areas in relation to the rural and native housing program. The limit on such advances of $400 million is stipulated by the proposed new subsection 55(8) together with any additional amounts appropriated by Parliament.

Incidentally, I can also table for tomorrow or add to the information the profile on the estimated distribution of mortgage borrowers by provinces.

Senator Roblin: I think it would be preferable if we were to get that information in committee.

Senator Frith: On the other part of Senator Phillips' question, I shall have to get the answer for tomorrow or see that it is available for the committee.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Tuesday, June 26, 1984

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

Prayers.

[*Translation*]

VIA RAIL CANADA INC.

CONSIDERATION OF INTERIM REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE—DEBATE ADJOURNED

Hon. Léopold Langlois: Honourable senators, I have the honour of tabling the interim report of the Standing Committee on Transport and Communications, entitled: "Rail Passenger Services in Canada—Are we on the right track?".

I ask that the interim 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. 803.*)

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

Senator Langlois: Honourable senators, with leave of the Senate, I move that this report be taken into consideration forthwith.

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

Hon. Senators: Agreed.

Senator Langlois: Honourable senators, I am very pleased to table the interim report of the Standing Committee on Transport and Communications, entitled: "Rail Passenger Services in Canada—Are we on the right track?".

As the title indicates, the committee is concerned about the present, and especially the future state of passenger rail service in Canada. The committee acknowledges that progress has been made since its first interim report was published in July 1982, and lists the items that should be taken care of immediately if we want to provide this country with an efficient passenger rail network.

The committee formulated twenty-six recommendations on a number of critical points. The report stresses the need to grant VIA Rail the powers it needs to discharge its responsibility for providing a passenger rail service.

The committee recommends adopting legislation that will define the responsibilities and powers of VIA Rail and the government. Only by adopting special legislation can we give VIA Rail Canada the requisite mandate for establishing and maintaining a viable and efficient national network of passenger rail services.

The committee also considered the matter of operating contracts and costing procedures of railway companies; subsidies and passenger services; marketing methods; joint VIA-Amtrack services; and the possibility of restoring passenger rail services on certain routes. Contracts and arrangements entered into by VIA Rail with the railway companies on establishing costs have been criticized for some time, and the committee recommends that these be changed.

Specifically, your committee recommends that VIA Rail have access to all information held by railway companies on establishing costs; that VIA Rail be entitled to negotiate operating contracts directly with the railway companies, bearing in mind costs that can be avoided in the short term, as well as the right to appeal to the Canadian Transport Commision, should the parties be unable to reach an agreement.

Regarding service improvements, we are asking for the revitalization of VIA Rail's obsolete rolling stock, priority for passenger trains over freight trains, employee participation in the VIA Rail revitalization program, updated ticket reservation and marketing systems and a comprehensive plan to be developed by VIA Rail for improving all inter-city passenger rail services.

The committee raised again an important matter mentioned in its July 1982 report, namely, the need for restoring passenger services discontinued by the government.

Once again, we expressed our disapproval of the fact that routes were discontinued by Order in Council instead of through public hearings before the CTC. We urgently request that the federal government reconsider its decision to reduce passenger services. We particularly recommend restoring forthwith the "Atlantic" train route from Montreal to Halifax via southern New Brunswick.

Finally, the committee is of the opinion that the federal government should define as soon as possible its commitment to passenger rail service in Canada. Legislation should give VIA Rail the powers it needs to discharge its responsibilities. It is our conviction that passenger rail service will be put on the right track if the committee's recommendations, including the adoption of legislation, are implemented without delay. Action must be taken now—the future of VIA Rail is at stake!

I would like to express sincere thanks to my honourable colleagues on the committee, to the clerk of the committee, Mr. André Reny, and to the committee's researcher, Mr. John Christopher, for their unremitting efforts and constant co-operation.

On motion of Senator Macdonald, debate adjourned.

YOUTH

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Special Senate Committee on Youth have power to sit today while the Senate is sitting, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, as I mentioned yesterday, the Special Committee on Youth had a meeting scheduled today for ten o'clock. The committee will have to continue its meeting this afternoon, and that is why I am asking for leave to allow the committee to sit today while the Senate is sitting.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA DAY

DATE OF PUBLIC HOLIDAY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. Honourable senators may recall that in the fall of 1982, a bill to amend certain acts in relation to Canada Day was presented and passed in the Senate but subsequently died on the order paper of the House of Commons. The bill provided that when Canada Day fell on a Sunday, the following day should be a holiday.

The leader may also recall that previously I tried to amend Bill C-201, a private bill that had come from the other place to change the name from Dominion Day to Canada Day. The purpose of my amendment was to provide a solution to the problem we face when Canada Day falls on a Sunday. The government leadership opposed my amendment. Then the government introduced a bill with my amendment in it, but the bill died on the order paper of the House of Commons.

• (1110)

I am wondering if next Monday will be a holiday, and, if it is, how the government will proceed.

Hon. H. A. Olson (Leader of the Government): I shall take the question as notice and attempt to provide the Leader of the Opposition with the details very shortly, possibly tomorrow or the next day, but whether it is a statutory provision or not, I believe—

Senator Flynn: It is not.

Senator Olson: You say it is not. If it is not, I think there would be widespread use of Monday as a holiday from work, although the actual celebration of Canada Day and some of the official functions that will take place will probably be held on July 1. As I said, I shall attempt to provide the Leader of the Opposition with that detail either tomorrow or the next day.

THE SENATE

PRIVILEGE

Hon. Daniel A. Lang: Honourable senators, I rise on a point of privilege. I can remember in my younger days being in court with a pair of grey trousers under my gown and the judge saying that he could not see me. I thought that perhaps he was going blind. I am wondering today whether I can see the Speaker *pro tempore*. I wonder if he is properly and conventionally robed to sit in the Chair.

I am not sure, Your Honour, whether I can see you.

The Hon. the Speaker *pro tempore:* Honourable senators, I can assure the Honourable Senator Lang that I am in fact here. I am temporarily replacing His Honour the Speaker who had to leave the Chair for a moment. He will return shortly and will be properly gowned.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it should be noted that the Speaker of the Senate did open today's sitting. Senator Molgat is replacing him in essence under the new rule and the long-standing rule 9. Senator Lang has probably noticed that when it is a continuation of an absence of the Speaker and Speaker *pro tempore* opens the sitting, he is robed in a way that is more visible.

FOREIGN AFFAIRS

EFFORTS TO REUNITE FAMILIES OF POLISH IMMIGRANTS

Hon. Stanley Haidasz: Honourable senators, I should like to preface my question to the Leader of the Government in the Senate by saying that after some negotiations we have been able to get the Ambassador of Poland to meet at noon today with interested senators and members of the House of Commons, in particular the members of the Polish Emergency Committee and the Helsinki Agreement Monitoring Group of Canadian Parliamentarians, on the urgent matter of the reunification of families of three Canadian residents now in the 35th day of their hunger strike in front of the Polish consulate in Toronto.

Would the leader give us an up-to-date report on the efforts of the Canadian government in this matter? Will the Secretary of State for External Affairs meet without delay in person with the Polish Ambassador to convey our concern regarding the state of the health of those hunger strikers and the need to expedite the issuing of exit visas for their families in Poland?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall refer that question to the Department of

External Affairs and try to have a reply in time for the next sitting.

BUSINESS OF THE SENATE

ITEMS ON THE ORDER PAPER

Hon. John M. Godfrey: Honourable senators, there are three orders now standing in the name of the Honourable Senator Frith which result from motions I put some time ago. In fact, they were on the Order Paper during the last session of Parliament. When I spoke to them I asked the Deputy Leader of the Government to take some action on them.

The first one was the motion where we approved, as a general principle, that where there was a bill in which a province had a particular interest, as a matter of policy the provincial government should be asked whether or not they wished to make representations in committee.

The second one was whether we give power to the Standing Joint Committee on Regulations and other Statutory Instruments to examine bills in order to determine whether or not there was possibly an infringement of the Charter of Rights and Freedoms and, if so, to draw it to the attention to the committee dealing with the bill.

The third one was with respect to enabling clauses to make regulations which were unnecessarily wide and where they did not follow a direction approved by Cabinet—that that matter should be drawn to the attention of the committee.

My question is: Are these going to be allowed to die again on the Order Paper, or is Senator Frith going to speak to them before the end of the session?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with respect to the first one, I mentioned to Senator Godfrey that I wanted to get the views of the chairmen of committees before speaking to it, and it has been discussed by them. Before the end of the session I want to speak to that matter explaining what I believe is the correct way to deal with it.

With regard to the human rights aspect, I am hoping to have something to say about that after conferring with the authorities who are interested and with the Cabinet.

On the third one, which is not as long standing as the other two, immediately after it was raised I asked for a response, particularly from the Department of Agriculture which, I think, among others inspired that concern, but I have not yet received a reply.

Senator Godfrey: As a supplementary question, does the deputy leader really believe that he should consult the Cabinet and receive directions from it on how the Senate should conduct its own business? The second item, which refers to the Charter of Rights and Freedoms, strictly relates to how the Senate conducts its business, and we should make that decision and not the Cabinet.

Hon. Jacques Flynn (Leader of the Opposition): You are just waking up.

Hon. Jack Marshall: It has been going on for years.

[Senator Olson.]

Senator Frith: The answer to each of the two questions is yes and no respectively. Yes, I believe that among the people I should consult are those in the Cabinet. But should I consult them in order to get their instructions? No.

Senator Godfrey: Good.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is a fair answer.

Hon. Lowell Murray: They can instruct you but they cannot instruct the Senate.

Senator Frith: I don't ask them for instructions.

Senator Murray: You don't have to.

TRANSPORT

PORT OF CHURCHILL—VOLUME OF SHIPMENTS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, yesterday Senator Roblin inquired as to whether I had received a report of the Canada Grains Council on a study entitled "Churchill as an Outlet for Prairie Grain." I told him that I did not have it at hand but I would check on this matter. Upon checking this morning, I found that the report arrived at the Grains Group office yesterday and another report arrived at the administration office this morning. Perhaps Senator Roblin has his own copy of the report, but, if necessary, I would be pleased to hand over to him one of the two copies that I received. I have not had an opportunity to study the report or to have it studied, but it appears to be rather neutral as far as Churchill is concerned, and is mainly a report containing a great deal of information. I certainly shall have it studied and see if I can respond to the request made by Senator Roblin.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, the report was in the public domain on June 14, which is a little less than two weeks ago, so either they are rather neglectful of my honourable friend's interest in the matter or else the Post Office is doing its usual good job of getting the mail from one part of the country to the other.

Senator Argue: It arrived yesterday at the Grains Group office for the first time and in my office for the first time this morning.

Senator Roblin: I thank my honourable friend for the information but, as I say, the report has been around for some time and I will await with interest what he has to say about it because there are a lot of people in the west who have a real interest in the government's reaction.

● (1120)

Hon. Jacques Flynn (Leader of the Opposition): June 14 was the first day of the Liberal convention.

Senator Argue: It is more rapid, then.

PORT OF CHURCHILL—DATE OF OPENING

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the Minister of State for the Canadian Wheat

Board. There are rumours circulating in the province of Manitoba that the port of Churchill will be opened early this year. Is it the intention of the Canadian Wheat Board to capitalize on that and make better use of the port of Churchill?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): The Wheat Board's attitude is that it uses the port of Churchill to the optimum extent, balancing the availability of ships coming into the port and the financial returns. Very often there are extra financial returns in Churchill as a result of using the facilities.

I am not certain what the level of shipments will be this year. I can only say that the Canadian Wheat Board will be using the Churchill port extensively.

Senator Guay: Is there good communication between the Canadian Wheat Board and the railroad to ensure that this year the track will be in good shape so that extensive use can be made of the port?

It is my impression that there is always a delay in this regard. I feel there should be good communication between the railroads and the Canadian Wheat Board to ensure that everything is in order and ready so that more grain can be shipped through Churchill.

Senator Argue: Last year we used the port of Churchill to the extent of about 600,000 tonnes, which is on the higher side rather than on the lower side. The Minister of Transport, in an announcement some time ago, committed very large sums of money to upgrading the port and the railway facilities to ensure that communication is not a problem. I think Senator Guay can rest assured that the Canadian Wheat Board will be making extensive use of the port.

PORT OF CHURCHILL—PROVISION OF RAILWAY BOX CARS

Hon. Duff Roblin (Deputy Leader of the Opposition): Would the Minister of State for the Canadian Wheat Board give us a report on the activities of the government respecting the provision of box cars for the Churchill run? As my honourable friend knows, that line can only use box cars; it cannot use the grain hopper cars that are generally employed in the transportation system.

I am told that we are losing box cars at the rate of 2.7 per day and that the 3,000 now in service will be out of service within a couple of years. A major decision will have to be made—involving costs amounting, I suspect, to something between $40 million and $60 million—as to whether the box car system is to be kept alive so that this port can be kept alive.

That underlines the urgency of my request for information to the minister as to what is to be done about Churchill because, regardless of the long-term situation which that port might face, it has an emergency situation, I suggest, with respect to the provision of box cars over the next few years if the port is to continue to be used as it is now for the movement of grain.

Would my honourable friend give us some indication of that situation so we may know where we are heading?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, my information, in general terms, is that there are box cars available in adequate numbers at the present time. Box cars are rehabilitated; they are not all discarded as time goes on.

A good deal of research work is being done to try to develop a particularly light-weight hopper car that might be useful on the railway to Churchill. If those in charge can develop a light-weight hopper car suitable to the permafrost conditions on that railroad, I think that would probably be the preferable vehicle to use.

I notice that a good deal of time has been taken and every effort has been made to study the box car situation in this particular report. I shall endeavour to cover that subject more thoroughly when I make a fuller statement on the report itself.

Senator Roblin: I would remind my honourable friend that the report indicates that the present box car supply will be dissipated in three years' time unless something is done. Three years is not a long period of time.

I agree with my honourable friend that, if the lighter-weight hopper car can be developed it may be a good idea to utilize it on this run, but I would point out that so far I have had no indication—and if I am wrong, I stand to be corrected—that anything substantive is being done about this except to talk about it. I would like to have a fuller statement on this question of box cars or light-weight hopper cars for Churchill. If that can be provided before we rise, it will be useful.

Senator Argue: I do not know how long it will take to prepare that kind of analysis, but I will endeavour to have it done in the time suggested by Senator Roblin. I think, however, that I can give to him and to Senator Guay the general assurance that the policy of the government is to continue to use to the optimum the port of Churchill, bearing in mind that the use of that port should be in the interests of the grain producers themselves. To the extent that that can be done, I believe it will and should be done. I can give the further assurance that the railway fleet will be maintained so that this optimum use of the port can be continued in the future.

In my view, the Minister of Transport has shown his dedication to the port of Churchill by working with the Government of Manitoba to come forward with a joint transportation policy that has embodied in it the maintaining for the future the viability of that port, particularly for the exporters of grain.

Senator Roblin: Honourable senators, that is precisely the point raised in this report; namely, its effect on the grain producers in terms of whether or not it is a drain on their resources. The report does not make recommendations on this matter but does produce a fascinating set of observations, which, I take it, are facts that can be substantiated and that lend some credence to the proposition that this Churchill situation may be a particularly questionable one or one which is difficult to decide upon at the present time.

Therefore, while the minister says that he is going to carry on in the way he is doing at present, and when he adds to that statement "so long as it benefits the western grain produc-

ers"—which is what I think he said—then the whole question developed in this report becomes pertinent. I emphasize to my honourable friend, therefore, that I await with some interest his more considered reaction.

Senator Argue: Honourable senators, I have a little difficulty with this line of questioning because, in the past, I have understood Senator Roblin to be a supporter of the port of Churchill. He now appears to raise a great many questions—founded, perhaps, on statements in this report—as to whether or not the use of that port is really in the interests of the grain producers. I do not take that position. I take the position that the use of the port of Churchill is in the interests of the grain producers. I believe that the Wheat Board uses it in a way that increases the net return to the grain producers, so I am not raising that particular doubt.

Hon. Jacques Flynn (Leader of the Opposition): Well, you were.

Senator Argue: That doubt may be in the mind of Senator Roblin, but I believe that the port of Churchill is in the interests of the grain producers. What I had said was that the Wheat Board is dedicated to using the port to the optimum in terms of the quantity of exports that bring an increased return to the producers.

Senator Roblin: My honourable friend is really not entitled to impute to me any statement about policy with respect to the port of Churchill. I have not made any such statement. I have said to him that certain facts have been presented with respect to that port and I would like to know what the government policy is in respect of them. I am not making policy in this chamber but my honourable friend is, and I would like to know from him what the policy is going to be. If the policy—and he can substantiate it—is one that enhances the port of Churchill, no one will be more satisfied about it than I. The questions raised here, however, require a policy statement on the part of the government as to its idea of what the future of that port should be.

Senator Argue: Honourable senators, I suppose that I have misunderstood the honourable senator in the past. I understood from the statements he was making that it was the policy of the Progressive Conservative Party to support the port of Churchill. I am not saying whether it is or not. As far as I am concerned, the policy of the government is to support that port.

Senator Roblin: My honourable friend has absolutely no ground whatsoever for that statement. He knows perfectly well that I do not make policy statements for the Progressive Conservative Party. Certainly he knows that I have made none on behalf of that party with reference to the port of Churchill. My own record on Churchill is clear. As to the imputation my honourable friend wishes to accord statements I have made, I say that he is completely off base.

Hon. H. A. Olson (Leader of the Government): Is that true, as well, for the Leader of the Opposition in the Senate? Does he also not make any statements on behalf of the Progressive Conservative Party?

[Senator Roblin.]

Senator Flynn: On occasion I do, but when I do you can understand what I say.

[*Translation*]

VISITORS IN GALLERY

SENATOR FRANCA FALCUCCI, MINISTER OF EDUCATION, GOVERNMENT OF ITALY, ACCOMPANIED BY HIS EXCELLENCY THE ITALIAN AMBASSADOR

The Hon. the Speaker: Honourable senators, I should like to call your attention to the presence in our gallery of an Italian senator, Mrs. Franca Falcucci, Secretary of State for Education in Italy. Senator Falcucci is accompanied by His Excellency Francesco Paolo Fulci, the Italian Ambassador.

[*English*]

CANADIAN SECURITY INTELLIGENCE SERVICE BILL

SECOND READING

• (1130)

On the Order:

> Resuming the debate on the motion of the Honourable Senator Gigantès, seconded by the Honourable Senator McGrand, for the second reading of Bill C-9 intituled: "An Act to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto".—(*Honourable Senator Kelly*).

Hon. William M. Kelly: Honourable senators, I rise before you today with some hesitation. The truth of the matter is that although my conscience and sense of duty urge me to address Bill C-9, I had hoped that the bill would not reach this chamber. However, I am pleased for a number of reasons to be a member of the Senate, and my main source of pleasure is due to the nature of this chamber. The Senate is the last hurdle for legislation. It is the place for the last word. I stand before you to accept the responsibility of being part of that last barrier.

Honourable senators, my thoughts and anxieties about this piece of legislation are a matter of public record. As a member of the Special Committee of the Senate on the Canadian Security Intelligence Service, I was vocal in my opposition to the separation of security intelligence work from our national police force, the RCMP. I also addressed this critical issue, an aspect of Bill C-9, before a group of Ontario's opinion leaders at a luncheon of the Canadian Club on April 30. Many of the 1,400 people who attended that luncheon have joined the growing group of concerned Canadians who view this bill as potentially dangerous to our civil liberties and to our concept of law and order.

In my opinion—again I am not alone in this—Bill C-9 clearly moves in the direction of a CIA for Canada. I want us to think about that. I want us to consider the serious consequences of that for Canada before we vote. Before we, as

senators, exercise our duty and responsibility on Bill C-9, I want us to think about the criticism of some of the provincial attorneys general who have been unanimous in their opposition to a separate civilian agency.

Honourable senators, the provincial attorneys general believe that security should be left to the RCMP. How can we not consider the specific warning of our country's top law officers?

Honourable senators, I did not address the members and guests of the Canadian Club as a member of the Progressive Conservative Party. Nor do I rise before you now to discuss this bill in a partisan way. I believe this issue is of such vital importance to the people of Canada—to you, to me, to present and future generations—that it cannot be dealt with as an issue of narrow partisanship. I sincerely hope that before I finish outlining my concerns, many, if not all of you, will agree with me on this point and will vote in accordance with your conscience, and not as your political affiliation would direct you.

Walter Bagehot, author of the book *The English Constitution* wrote as follows:

> A member of Parliament has not only to pay much to become one and to give time and labour. He also has to sacrifice his mind too—at least all of the characteristic part of it, that which is original and most his own.

I hope to appeal to this part of the minds of honourable senators. In considering Bill C-9, I will address two main points: first, the public punishment and potential undermining of the RCMP for events that took place over a decade ago; and, secondly, the pros and cons of a separate civilian agency as opposed to retaining this responsibility in the hands of a trained, well established and internationally respected force.

Again I stress the word "separate", because that is the core of the issue. My first point rests on an unfair, mostly unstated, but nonetheless widespread sentiment that the government's proposal to remove the responsibility for security and intelligence from the RCMP is a form of public reprimand, that it is a punishment, a punishment of the RCMP for the actions of a dozen or so members of the force—not the entire force, not even a significant portion of the force—who performed their duties in an unacceptable manner. It was only 14 years ago. I am referring to the FLQ crisis of 1970. That crisis was instrumental in redefining the Canadian concept of national security.

Most of us can probably recall the events quite vividly. It all started at 8:15 a.m. on October 5, 1970. James Cross was kidnapped from his home. At 4:15 p.m. that same day, the FLQ claimed responsibility. None of us could believe it was happening in Canada. The minutes and hours ticked away. We are all familiar with the outcome, but are we as aware that another clock was ticking? It was ticking much more slowly but it, too, was recording a series of events, not in minutes and hours but in days, months and years of RCMP involvement in the 1970 drama. Information was revealed bit by bit, a piece at a time. Canadians learned via the press and broadcast media of six incidents: first, the RCMP had falsified documents; second, the RCMP opened mail in contravention of postal legislation; third, the RCMP copied records of a legitimate political party; fourth, the RCMP harassed suspected extremists; fifth, the RCMP stole dynamite and, sixth, the RCMP burned a barn. Over and over again, 14 years of hearing about the various details of six main events.

I am not ignoring these activities. My response is the same as that of most Canadians—shock, dismay and disappointment. Rightly or wrongly, fairly or unfairly, a public perception was created that the RCMP had failed. I think, honourable colleagues, that a part of our minds, that which is most characteristic and most open to reason, would agree that it would be entirely misleading to see all these activities as a type. These activities differ in their degree of legitimacy as police or security measures. What the activities do indicate is a lack of communication and a lack of direction between a few members of the Force and their seniors. It also points to a lack of communication and direction from the minister responsible. "Responsible" becomes a key word.

Before I proceed to my second major concern, I would like to comment on the Solicitor General's stand that there would be no compromise or negotiation on the separation of security intelligence from the RCMP. Why? The reason I have been told is that two royal commissions recommended this action. I thought that that is what royal commissions do. They recommend hundreds of actions. The recommendations are most usually made in response to a specific issue within a specific time. A government, any government, cannot accept and cannot act upon every single royal commission recommendation. This issue is so vital to Canada and to the future of our Royal Canadian Mounted Police that, in my opinion, input should have been encouraged in all aspects of the bill. Again, the key word in the unravelling of events in 1970 and the RCMP involvement as well as the move to create a civilian spy agency is "responsible."

What did the numerous inquiries and commissions discover? I know what they did not find. They did not find any evidence whatsoever that the actions of those dozen or so RCMP officers sprang from any motive other than over-enthusiasm or lack of judgment. Would a separate civilian agency put an end to such errors in judgment? I think not. However, as recently as June 20 of this year, the CBC national news in reporting on Bill C-9 said that a separate spy agency was needed because the RCMP had, in their words "goofed up." Honourable colleagues, such criticism is totally unfair. I hope this idea of RCMP punishment is completely struck from the public conscience before any such legislation as Bill C-9 can become law. We must be responsible and we will be responsible for any subsequent actions of the civilian spy agency, should we permit this bill to be passed. Can any of us here guarantee that this separate agency will be free of so-called wrong doing?

Honourable senators, this brings me to my second point, the pros and cons of a separate civilian agency as opposed to maintaining security intelligence within a well-established force. The proposed legislation is supposed to create a review

and accountability process for a new civilian agency. I wholeheartedly support the establishment of review and accountability mechanisms. However, I argue that these powers as spelled out in Bill C-9 could well become counterproductive.

● (-1)

The proposed review and accountability powers open the door to partisan political and bureaucratic influence and hindrance of activities. For example, we can begin with the director of the agency. The director, according to the legislation, will be appointed by the Cabinet. The Cabinet will set the term of office and the salary. In other words, the director can be a political appointee.

Let us look at the director's responsibilities. The director is to be the chief executive officer, as it were, of the agency. However, the legislation makes it clear that the director will operate, and I quote, "under the direction of the minister". This means that the director will be subject, by statute, to political control and direction.

The accountability process becomes more complex as a result of a requirement that the director shall be compelled to consult with the Deputy Minister of the Department of the Solicitor General on a range of matters including, and I quote, "the general operational policies of the service". As honourable senators are aware, deputy ministers are appointed by Cabinet—they, too, are political appointees.

The agency's bureaucratic demands are also excessive. The legislation proposes the appointment of a full-time officer known as the "Inspector General". The Inspector General will also be responsible to the deputy minister and this position is also a cabinet appointment.

Finally, the legislation will set up a Security Intelligence Review Committee to monitor the conduct and operations of the agency. Membership of the review committee is largely restricted to former cabinet ministers, and members are appointed by the Cabinet.

What does all this mean? The move to a separate civilian agency takes the responsibility for something as sensitive as security intelligence gathering from a Canadian institution staffed with trained personnel and gives it to a bureaucratic and potentially political organization.

Honourable senators, I ask you, as responsible Canadians and not as members of any political party, what is your preference? Do you think it a move in the right direction? As a concerned Canadian, I can honestly and forthrightly state I do not. However, others, such as Senator Gigantès, claim political interference, political direction is a necessity. They claim that political involvement in security intelligence is a real part of such work. I know what the people of some European countries would say about a political force of that sort. Clearly, this means a CIA for Canada.

The term "wrong doing" takes on new dimension. It would appear that a civilian agency would not improve upon the situation. In fact, the consequences could be far more serious than a barn-burning!

[Senator Kelly.]

Before I conclude, honourable senators, I would like to remind this chamber that since 1873—over 110 years, not just a decade—the RCMP have had a history of "right doings" which have made this uniquely Canadian institution a part of our national mythology. The RCMP is part of our heritage. It is part of Canadians' belief in law and order. The RCMP gives me, and many other Canadians, a sense of being protected in every sense of the word. To me, a country endures on the strength of its traditions, exemplified by its institutions.

I am not suggesting for a moment that there is an evil intent behind Bill C-9. I am merely suggesting that there exists an opportunity to create a political spy agency which could become dangerously partisan and that when an opportunity exists, someone, somewhere along the way, will misuse it. I do not believe for a moment that there is a danger of this happening under the present government. I do not believe there would be a danger of it happening under a Mulroney government or under a government led by John Turner. However, because the potential exists, the dangers are real and none of us can ensure the proposed powers would not be misused at some time.

Let us listen to that part of our minds which is characteristic. Let us all vote on conscience, for we are responsible to Canada and to Canadians. Let us have the last word on Bill C-9. Let the record show that honourable members of the Senate expressed a concern and a caution with respect to Bill C-9; concern with respect to the harm done to the image and reputation of the RCMP; concern for the civil liberties of Canadians; and concern for the notion that under a separate civilian spy agency the end justifies the means. Let the record show that honourable senators expressed caution to all involved—the government of the day and members of the new agency—not to misuse the powers.

My last word on this issue is that I wish that Bill C-9 would not be passed into law. My last word comes not only from that part of the mind which is most open to reason but from the heart.

As senators, we are responsible, just as the RCMP is responsible, to protect and safeguard Canadians by upholding the right. The best way to do that in this instance is to vote after careful thought and with conscience.

Hon. Senators: Hear, hear.

Hon. Philippe Deane Gigantès: Honourable senators—

The Hon. the Speaker: Honourable senators, I have the duty to inform the Senate that if Senator Gigantès speaks now his speech will have the effect of closing the debate on the motion for second reading.

Senator Gigantès: Honourable senators, I have listened with respect and admiration to the speeches of Senator Murray and Senator Kelly. With respect to Senator Murray's speech, I admired his partisan skills; with respect to Senator Kelly's speech, I admired the warmth of his heart. Although I agree that both senators make important points I beg to differ with their conclusions. As both senators have said, what we are

discussing is a matter of national importance—it is not a partisan matter. Thus, I will speak in that spirit.

Yesterday, Senator Murray spoke of the definition of "threats to the security of Canada". He said the definition is too broad. If honourable senators look at the copy of the bill, on page 2 they will find these words:

> "threats to the security of Canada" means
>
> (a) espionage or sabotage that is against Canada or is detrimental to the interests of Canada or activities directed toward or in support of such espionage or sabotage,

The only point at issue is with respect to the words "detrimental to the interests of Canada". If we can imagine sabotage or espionage beneficial to the interests of Canada then who would object to it? The issue is with respect to the word "detrimental".

Hon. Lowell Murray: We say it should be "to security interests of Canada".

Senator Gigantès: I submit, honourable senators, that there may be sabotage which might not have much to do with the security of Canada in the sense of national defence. Juliet Belmas carried out such sabotage; others blew up electrical lines. Those actions were not necessarily threats to security in the sense of security against spies.

The only possible matter of dispute is with respect to the question of what is detrimental to the interests of Canada. In other words, who will decide what is detrimental to the security interests of Canada? Obviously, in a democracy the people decide. How do the people express their wishes in our democratic system? By electing a government. We delegate such authority to the government. Unless we propose a change in the system then the government must decide what is or is not detrimental. There is a consensus in Canada with respect to many of these issues—a consensus which unites Liberals, Conservatives and members of the New Democratic Party. For instance, I think nearly everyone would agree that we do not want Soviet spies to be successful in performing their tasks here in Canada. We do not want saboteurs to be successful in performing their tasks in Canada. Therefore, we all agree that the success of such people would be detrimental to the interests of Canada. If we look at paragraph (b), of the Interpretation section, here again the key issue is "detrimental to the interests of Canada". Again, we must ask ourselves who decides what is detrimental to the interests of Canada, and again the answer is the same: It must be the people, and in our democratic system the people express their views and their will by electing a government to which they delegate the right to make such decisions. We have not come to the instant, press-a-button-on-TV-and-have-a-referendum situation on every issue. We have a government and it is the government that makes these decisions. Here again I think there is a view that represents a substantial majority of Canadian governments and of all parties on what is damaging to Canada in the way of foreign activity in this country.

• (1150)

Paragraph (c) of the same section breaks into two parts: Activites within Canada and activites outside Canada. This clause raises the question of serious violence against persons or property for the purpose of achieving a political objective. Within Canada we are talking of an overwhelming consensus and an overwhelming majority of people who believe that we should not use violence in trying to achieve political objectives. We have seen an exception in the papers the other day. The unfortunate father of that young man, a member of the Squamish Five who used explosives. There was a picture of the father wearing a T-shirt that said "Doug's Dad and proud of it" so obviously there is a small minority who believe they should use violence to achieve political ends and to express their opinions, but the vast majority of Canadians, be they Conservative, Liberal or NDP, disagree with the small minority and therefore we do not really have to worry about a decision that will be taken against such activities.

Looking for a moment at the question of activities outside Canada, here we have a question that is more moot. There is some violence that many Canadians would consider desirable against foreign governments. For instance, if Idi Amin Dada took power again in Uganda and some people here in Canada tried to organize his violent overthrow, many Canadians would say that this is desirable; if, on the other hand, we consider what the members of the Red Brigade are trying to do in Italy, most of us would say that that is undesirable; if we consider World War II, we find that we would all have agreed that the violent overthrow of Adolf Hitler would have been very desirable, but the violent overthrow of the present West German government would certainly be considered by the vast number of Canadians to be undesirable. In these instances, there must be decisions made as to what to concentrate on, since the resources of our security service are limited. Decisions must be made by the government after the security service informs them that a certain group is backing violence in another country, whether to direct or ask the police forces to interfere with that particular group. The decision must be political. There is a general distaste in this country against the use of force in changing political situations in other countries. There is a natural reluctance by Canadians to use such means and, in making decisions of this kind, the government must take these attitudes into account. Whatever our partisan discussions, there is no doubt about it that Conservatives, Liberals and New Democrats are very much of one mind about this distaste and about not encouraging the use of violence to overthrow other governments, even some governments of which we do not approve.

It is possible, however, that on some occasions the government will not be as energetic in trying to stamp out such Canadian help for violent overthrow of a brutal tyranny abroad as in some other cases, so it is a political decision that is involved here; we cannot escape the fact that a political judgment must be exercised in such cases, and the political judgment in a democracy such as ours must be exercised by the government that has the confidence of Parliament.

Paragraph (d) of the Interpretation section says:

> (d) activities directed toward undermining by covert unlawful acts, or directed toward or intended ultimately to lead to the destruction or overthrow by violence of, the constitutionally established system of government in Canada,

On that, I think, we also have a consensus. We cannot make these definitions tighter. We can, however, express an exception, as is done immediately afterwards:

> but does not include lawful advocacy, protest or dissent, unless carried on in conjunction with any of the activities referred to in paragraphs (a) to (d).

In other words, unless the individuals concerned advocate violence or try to use violence. To be very specific, what this paragraph says is that it is perfectly all right to be a member of the Parti Québecois and advocate separatism but it is not all right to be a member of the FLQ and kill people, and we have a consensus on that. To try to make the definition even tighter, I humbly submit—although I am not a lawyer; I am a writer—would pose enormous problems of drafting and would not really solve the problem, because the problem comes down to a political government having to make political decisions at a particular point on what is right. If the government makes a mistake, our system provides penalties for that government.

Clause 12 was another clause which worried Senator Murray and, of course, it is a clause that must be given very careful consideration. It says:

> 12. The Service shall collect, by investigation or otherwise, to the extent that it is strictly necessary, and analyse and retain information and intelligence respecting activities that may on reasonable grounds be suspected of constituting threats to the security of Canada and, in relation thereto, shall report to and advise the Government of Canada.

Here, we are talking about a security agency that does not have enforcement powers. It is a security agency that must warn the government that there is a threat brewing, and the decision on how bad the threat is, and how important it is to ask a law enforcement agency—for instance the RCMP—to squash this particular movement must be political. There is no way in which we can escape that.

Clause 12 covers the prevention aspect. I submit that it would have been much better if our security services had discovered, through their analysing and collection of intelligence, that Miss Belmas was planning to blow up the Litton plant, by tapping her phone—a dirty trick referred to by Senator Murray—by following her—another dirty trick—by opening her mail—another dirty trick—by invading her privacy. It would have been much better if, by using such dirty tricks—which were those that I referred to in my article in the *Gazette*—the authorities had discovered that this young woman was planning to use explosives and had arrested her beforehand. She would be serving fewer years in jail than she now is, and the 10 people who were injured would not have been so injured.

Most importantly—and I stress this—clause 12 is a reference to the fact that the agency must inform the government; it cannot take law enforcement steps by itself. If law enforcement is to be carried out, the RCMP or other police forces will carry it out.

● (1200)

The next point that Senator Murray raised—and I group his points, if he will permit me to do so—related to the fact that supervision is flawed; that parliamentary control does not exist, but the review committee report will be tabled in Parliament each year. Appropriate parliamentary committees will have an opportunity to dissect that report and call any witnesses they wish. They can examine every single action that will be in that report. There is also provision, as was promised by the Solicitor General, that the government will undertake that the three members of the review committee will be appointed in consultation with the leaders of the other two parties in Parliament. In other words, all three parties will agree on the probity, ability and tenacity of the investigation of the three members of the review committee.

Hon. Jacques Flynn (Leader of the Opposition): Not necessarily.

Senator Gigantès: Senator Flynn, I think that it is necessarily because this is an undertaking given by the government.

Senator Flynn: Being consulted is not the same thing as making a decision.

Senator Gigantès: If I may disagree with the Honourable Leader of the Opposition, I do not think that any government—whether it be comprised of members of his party or the Liberal Party—would be prepared to get into a nasty debate over this issue and be accused of having appointed as members of the review committee people who do not have the trust and confidence of all three parties. That just would not work.

Senator Flynn: That is not the point at all. I will explain my point to you privately.

Senator Gigantès: We then come to the question of whether this review committee will be half blind, as Senator Murray has said, because it will not be able to look at cabinet documents.

I am afraid that the honourable senator yesterday gave a good demonstration of why, occasionally, cabinet documents should be withheld. The system that this country functions under is a system that has been copied to a large extent from the British system, which system I find admirable. Under that system senior public servants are encouraged to express their opinions freely, not only to Cabinet but among themselves, and they are free from partisan attack. I felt yesterday that the attack on Mr. Robert Rabinovitch was a partisan attack. Mr. Rabinovitch has the right to express to his fellow senior public servants his disagreement with their views and should not be criticized in this chamber for having done so. It should not have been implied that he was being partisan.

Senator Murray talked of senior public servants obeying their political masters. I might remind him that when the

Conservative Party took over in 1979 they found that the senior public servants and the junior public servants obeyed their new political masters, as they should have. The Conservatives found, some to their surprise, that the Canadian public service was not partisan but was simply doing its job of serving its political masters, which it is appointed to do. When the Liberals took over in 1980 they did not penalize—

Senator Flynn: You have no mandate to speak for us.

Senator Gigantès: I did not quite hear you, senator.

Senator Flynn: I said that you have no mandate to speak for us.

Hon. Royce Frith (Deputy Leader of the Government): He did not.

Senator Flynn: He said "they found"; how does he know that?

Senator Gigantès: Your party declared that publicly. Senator Asselin told me how satisfied he was with the service he received from Mr. Dupuis, who was the then President of CIDA. I heard your Minister of External Affairs praise Mr. Gérard Pelletier for his excellent and non-partisan service to her. There are other instances. I can give you many more examples. Your Minister of Transport was very pleased with his deputy minister and said so publicly on many occasions.

If opinions—sometimes very strongly-held opinions—of public servants contained in cabinet documents which give advice to the Cabinet are to be made the subject of partisan debate, I submit that since they are only human they may be restrained in the freedom they must have to advise the government, and the government will be less well served if what is said in such confidential documents becomes the subject of partisan debate.

Senator Murray also said that other agencies which are peripherally engaged in intelligence gathering will not be under the control of the review committee. Those other agencies will not be allowed to obtain warrants to perform the type of surveillance the CSIS will perform. Moreover, the CSIS will have to report, says the bill, any deal it tries to strike with any other agency and get that deal approved before it can make that deal. Therefore, it will not be able to hand over, to farm out, to subcontract any of its activities without that being known, and without that being known eventually to Parliament. So control by Parliament is there through the review committee and through this bill.

We are really talking of day-to-day control, and the day-to-day control, the careful investigation and the writing of that report, I submit, belongs better in the hands of the review committee composed of Privy Councillors, as in the British pattern, than in the hands of parliamentary committees where partisanship is bound to intrude.

Senator Murray also brought out a section of the McDonald report which spoke of an intervention by the Honourable John Turner. He then asked about the image of the RCMP in view of its activities. That was presented by my honourable colleague as something bad.

Senator Murray: Inadequate for the Minister of Justice.

Senator Gigantès: I respectfully submit to the honourable senator that the image of the RCMP is of paramount importance. I fully agreed with Senator Kelly when he said that we are blessed by having such a great police force.

Senator Flynn: He was more concerned about the position of the government—

Senator Gigantès: You will have to excuse me, Senator Flynn, but I am getting more and more advanced in my age and my hearing is not very good. Would you mind repeating that? You may do so in French, if you wish, as I speak that language also.

In any event, the image of the RCMP is not a question of cosmetics. The trust society has in its police force is part of the cement that holds a society together. The ancient Athenians mistrusted policemen so much that they imported Scythian slaves to carry out police activities. No decent Athenian citizen would have accepted the position of a police officer, which eventually proved to be bad for that society. Here we are blessed with a police force in whose image we trust and that image must be preserved, and Mr. Turner put his finger exactly on that and was speaking as Senator Kelly was when he said that that image was very important. It was not inadequate; it was a response that went to the heart of the matter.

Senator Murray: He should have told them to stop. That was his job as the chief law officer of the Crown.

Senator Gigantès: The RCMP, said Senator Murray, is a guarantee against partisan political control. This bill establishes more mechanisms against partisan political control than we have ever had in Canada, or more than have existed in any other country. In fact, this bill has provisions which would have forced those few wrongdoers—and I agree with Senator Kelly that they are few—to inform the Solicitor General beforehand. What is the use of telling them to stop doing it when they have already done it? This is what we are talking about. I do not really follow the logic which opposes this bill when this bill actually is trying to achieve the very objectives that Senator Murray was seeking.

• (1210)

Further, this bill gives a potential target of a security investigation motivated by partisan political reasons recourse which has not existed before. Believe me, I know of what I speak. A public servant or someone who wants to find employment in a defence plant, or someone who is employed in a defence plant but is accused of being a security risk, now will have notice within 10 days and will be able to defend himself. This did not exist before. If you are the target of a security investigation and you suspect that this is motivated by partisan political reasons, you have a better chance now of finding that out than you did previously and more of a chance of defending yourself than you did before. I submit that this is a bill which does much more than has ever been done before in this or any other country to provide us with the security we need and to protect us against abuses by those whom we charge to defend

this security. It gives us a better chance of knowing in advance that there are some people who have not heard of Talleyrand and who would not heed his advice to young French diplomats which was:

> Messieurs, surtout pas trop de zèle!

That would answer the concerns of Senator Kelly because under this bill they would have to report much more carefully what they intended to do and those distasteful episodes which have wrongly been used in the press to smear the reputation of the entire RCMP, which is an admirable force, would have been prevented before they happened. That is an important issue to consider.

The separation which Senator Kelly finds difficult, and the solution which he suggests—that the two services coexist under the RCMP—was tried under Mr. Starnes. Even Mr. Starnes thinks it did not work; the McDonald commission thinks it did not work; the Senate committee thought it did not work; and for good reason.

Senator Kelly: In fairness, you should acknowledge that they had very different mandates. My suggestion is that the same safeguards could apply to the agency within the RCMP.

Senator Gigantès: Senator Murray said yesterday that the RCMP would not be too unhappy at seeing the security and intelligence division off its shoulder because it has been a kind of albatross. I agree with Senator Kelly that we must not view this as punishment for the RCMP. I return to the British example. They have this division; they have long had it, and it works better.

Senator Kelly mentioned that the director would be appointed by the Cabinet. He would be appointed by the Cabinet under a very tight mandate. Deputy ministers are appointed by the cabinet. Even the Governor General is chosen on the advice of the Prime Minister. I do not see how we can escape that.

An Hon. Senator: And judges.

Senator Gigantès: Thank you. And judges.

Hon. Jack Marshall: What about senators?

Senator Gigantès: Senator Kelly also said that no one can be sure that under this mandate the power of Canadian security and intelligence service will not be misused. Of course not, but no one could have been sure before, as events have proven, that there were not going to be a few overzealous and overenthusiastic young men—or not so young men—in the RCMP who would do the same. I see no absolute guarantee in relation to any human activity. What this bill is trying to achieve is to do more to protect individual freedoms, to exclude partisan political activity than has ever been done before or has ever been done in any other country.

In closing, I should like to return to Senator Murray. I am sure that his professors, when he was doing his M.A. thesis, would have objected to his partial quotations. He lifted Professor Peter Russell's statement, which he quoted yesterday, out of context because Professor Russell reached the conclusion that follows the statement that Senator Murray quoted, and I will quote that conclusion. Professor Peter Russell, Research Director of the McDonald commission said:

> This is far better than half a loaf. It is a pretty good bill. I can't think in living memory of legislation coming as close to a royal commission's whole set of recommendations as C-9 now does. Let's get on with the job.

Hon. John M. Godfrey: Honourable senators, Senator Gigantès referred to the advisability—and I agree—that cabinet documents which contain advice to the government and which are in the control of the agency should not be available for inspection by the Inspector General. What about cabinet documents recording decisions made by the government and which the agency has because it is supposed to act upon those decisions? Should not those documents be revealed to the Inspector General?

Senator Gigantès: Honourable senators, I submit that when it comes to events happening in other countries with which Canadian citizens may have some connections, there may be extremely delicate diplomatic issues involved which other countries or our allies might not like to have brought out. We are not talking only of activities against the Red Brigade or activities in support of Afghan freedom fighters. We may be dealing with activities by similar services working for our allies against joint espionage by the Eastern Bloc in our country. In such circumstances what is included in the cabinet document might be very embarrassing to our allies, or to the government, and might make discussions with our opponents harder because, as you know, we are fighting Soviet spies at the same time as we are trying to sweet talk the Soviets into disarmament. They might not appreciate it if we were to expose publicly some of the things we do to them, and they know we do to them. It is a propaganda issue, a loss-of-face issue, and some of these documents may have to stay secret because they involve the diplomatic activities of the government and our relations with other countries and it might jeopardize those relations.

● (1220)

Senator Godfrey: Surely, though, a cabinet document is no different from any other document, and the Inspector General has to use his own judgment and not reveal top secrets to the public. I am referring only to cabinet documents which contain a directive, for example, as to how the agency is to perform its tasks. That document would be in the hands of the agency because it would need it for reference. Why should that not be, at least, given to the Inspector General? He must use his own judgment as to whether it should be made public, as he must with other types of documents. I am concerned with whether the Inspector General should have available to him documents emanating from the cabinet which are directing and guiding the agency itself and which he should know about, whether he decides to make them public or not.

Senator Gigantès: The general directions to the agency are included in this bill. This is the directive. This is where the agency is told what to do and how to do it.

Cabinet documents will contain directions about specific actions of the security agency referring to specific instances—in other words, answers to the security agency's inquiries such as, "Do you consider this dangerous; are you going to do something about it or not?"—and that might prove very embarrassing to Canada on the international scene, I submit.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

Senator Gigantès: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bosa, seconded by the Honourable Senator Anderson, for the second reading of the Bill C-40, intituled: "An Act to amend the Old Age Security Act".—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I am pleased to respond on behalf of my party to the sponsor's introduction of Bill C-40, to amend the Old Age Security Act.

I would commend Senator Bosa for his clear explanation of this bill and its important clauses. As he pointed out, it provides an additional $50 per month to every single pensioner receiving the Guaranteed Income Supplement, an amount which will be paid in two instalments: the first $25 in July and the balance in December. This will eventually amount to a total of $460 million. However, this begs the first question: Why is this being paid in two instalments? The only answer I can find is that $50 looks much more appealing to the recipient just before an election, even though the senior citizens who qualify will have to wait until the end of the year to receive the full benefit. However, honourable senators, half a loaf is better than none at all, and it is obvious that no one will object to increasing payments to a more reasonable level for those of our older citizens who are eligible. Certainly, the increases are needed since it remains more and more difficult for them to continue to cope with increases in the cost of living.

This increase, of course, is in addition to the regular cost-of-living increases that all pensioners will receive in July, October and in January of 1985 and will, as the minister has indicated in various press releases, bring the single OAS recipient to an income level of some $600 per month.

One of the advantageous aspects of the bill is that it will help a good number of single female pensioners, who make up a high percentage of senior citizens, who have been too long neglected.

Clause 12 of the bill relates to the amendments which were made by Bill C-38 which we passed only a couple of weeks ago. That bill amended the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act whereby single war veterans allowance recipients benefit and are entitled to the $50 increase. This will be provided to those veterans by topping up or increasing the maximum allowable income by the same amount of $50 in the two stages.

Other amendments that prove acceptable, as mentioned by Senator Bosa, will help some 3,000 immigrants who have lived in Canada for between 10 and 40 years, and who, by the passage of this bill, will be paid benefits similar to those of native-born Canadians in similar economic circumstances. For the last several years, immigrants receiving the GIS or the spouse's allowance received benefits that were pro-rated to the number of years they had lived in Canada with 40 years of residence, of course, being the normal requirement for full benefits. The passage of this bill would reduce that period to 10 years.

Finally, the bill proposes to reduce the time a person has to wait after separation from a spouse to qualify for income supplement benefits as a single person. The new waiting period will be six months as compared to the present waiting period of one or two years. I believe Senator Bosa also clarified that point. However, one item which is missing from this bill relates to the warning of the minister given in a news release on June 13 when she urged her provincial colleagues to pass on the increase directly to pensioners who live in institutions of care in the provinces unless, of course, it can be demonstrated that the services in the institutions are improved so as to benefit the recipient.

In this regard, it should be mentioned that institutions charge most of the OAS and the GIS received by the residents to cover room and board, but they do allow pensioners to retain a portion of the benefit as a comfort allowance to be spent on personal needs. It is, therefore, imperative in my mind that institutions do not raise their charges for room and board but, instead, allow the increase to add to the comfort of the pensioners most in need.

Honourable senators, while the increases arising out of this bill are appreciated, is it not a wonder that, despite the countless studies that have been carried out over the years on health care—certainly, on pension reform in the past year and a half—and on the problems of the handicapped and the disabled, we seem to be unable to find a formula that will result in creating a plan that will meet the needs of those who must depend on government for a reasonable quality of life? Instead, as has been the habit over the years, we give another handout; we find a catch-up contribution to overcome the embarrassing state of conditions and to bring our senior citizens to reach the poverty line—depending, of course, on whose poverty line figure is reasonable and where the pensioner happens to live, whether it be a rural or urban area.

Honourable senators, I am not attempting to take any credibility away from the sincerity of the Minister of National Health and Welfare—I feel it is the fault of Cabinet that

senior citizens are not getting their just due—but one would have expected that any bill on social reform at this time would certainly have included an approach to or the introduction of substantive change to the pension system, especially after so many studies, much publicized conferences, and federal-provincial discussions which, evidently, found the answers.

The most striking deficiency in the pension system—and it was referred to in the other place by Bruce Halliday, MP—exists for the millions of Canadian women who were housewives, confined to the day-to-day drudgery of housework on behalf of their families. While there is nothing wrong with this way of life and this sort of duty to the family, these women deserve to participate in the pension system so that they will be protected in later years in case of need. The cold hard facts and the statistics that are available support the existence of that need and demand recognition in the form of legislation.

• (1230)

Another omission from the bill is the recognition of the need for pensions for the disabled and the handicapped. Honourable senators are aware of the three-year study conducted by a committee of the other place on the disabled and the handicapped. That study was hailed across the country as an effective report which was worthy of support by way of action on the part of government. Of the 130 recommendations, 11 evidently dealt significantly with income security for disabled people. In particular, recognition must be given to the fact that the disabled have extraordinary expenses over and above those of the able-bodied—a situation which must be taken care of.

The most important issue, however, that must be addressed is the piecemeal approach to income security and the difficulty in classifying people with various degrees of dependency on the state. Income levels vary depending on age levels and so on. This leads to an amalgam of programs which conflict and cross over different levels of governmental responsibility. Because of this, I feel that we should be looking again at the merits of a guaranteed annual income for all Canadians. In that way, we might address the basic needs of all low-income and needy groups, including those who are employed but whose wages are insufficient for their needs. A re-study of the various approaches to such a program could be undertaken by the Standing Senate Committee on Social Affairs, Science and Technology under its ongoing responsibility for various aspects of social affairs.

Honourable senators, I have asked myself this question: What do the senior citizens themselves feel about this bill and about the increases to the GIS? The National Advisory Council on Aging, at its tenth annual meeting, advocated a consultation process with senior citizens by which to enable that council to develop an advocacy position on a number of issues relevant to aging. It is proposed that the consultations take place across Canada over the next two years. This action plan is entitled "Listen to Me!" and was announced by the president of the National Advisory Council, Yhetta Gold. She stated: "It is about time for seniors to combine forces to make a greater impact on decision-makers." Evidently, despite all of the studies that have been conducted and all of the conferences

[Senator Marshall.]

sponsored by government, this group has its doubts about what the government is doing and wishes to be heard.

This same group asked the leadership contestants at the recent Liberal convention for their views on social affairs and on help to the aged. After hearing from all of the leadership contenders, the council put this question:

> Shouldn't politicians be more preoccupied with enhancing seniors' independence and their increased participation in the nation's business?

Honourable senators, there are many other aspects of the bill that could be the subject of another debate. In conclusion I will simply say that I am charged with expressing our agreement with the principle of Bill C-40 and with its reference to the Standing Senate Committee on Social Affairs, Science and Technology for an in-depth study.

Hon. Senators: Hear, hear.

Hon. Peter Bosa: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that, if the Honourable Senator Bosa speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Bosa: Honourable senators, Senator Marshall has raised one basic and important point in connection with this bill, which is that it does not look at the entire spectrum of pension benefits. I want to assure Senator Marshall that the minister, when she presented the bill in the other place, stated that further study will be done in the pension field. As well, she stated that, at present, there are ongoing consultations with the provinces to make changes to the Canada Pension Plan and to the Pension Benefits Standards Act. There are also extensive consultations taking place with the private sector.

Honourable senators, I believe that that was the only question put to me by Senator Marshall.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Bosa: Honourable senators, I move that this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

Motion agreed to.

NATIONAL HOUSING ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Petten, for the second reading of the Bill C-37, intituled: "An Act to amend the National Housing Act".—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, much of Bill C-37 is unexplainable. I have noticed in the past that, when this situation arises, the government always calls upon Senator Frith to do the introduction—he is expected to explain the unexplainable. He does this by attempting to oversimplify the difficulties and by exaggerating the benefits. The Honourable Senator Frith could see a benefit in a tidal wave following an earthquake as long as someone in the Liberal establishment told him to do so.

Hon. Royce Frith (Deputy Leader of the Government): You could use the tidal power to repair the damage of the earthquake.

Senator Phillips: That illustrates my point.

Honourable senators, we on this side of the house are pleased with the reports emanating from the other side that, on Saturday, Senator Frith will become the Leader of the Government in the Senate.

Senator Frith: We already have one of those, thank you.

Senator Phillips: While we wish him well in that position, we would advise him not to bother moving his office because he will only have to vacate it again shortly after Labour Day.

Senator Frith: Senator Phillips is certainly full of advice today.

Senator Phillips: Honourable senators, I have always enjoyed the introductions of bills by the Honourable Senator Frith. I hope his new position will not make him arrogant or pompous and destroy that happy facility for exuberant exaggeration that he possesses.

Senator Frith: Speaking of oversimplification!

Senator Phillips: I am also intrigued by the fact that he is going to be appointed by the Prime Minister to this position. Senator Frith is continually advocating the election of the Senate. I thought he would suggest to the Prime Minister designate that he have his appointment submitted to a secret ballot in the Senate. I know that he will get at least one vote if he does that. If he opens the vote to those of us on this side of the chamber, he will get more.

Hon. Jacques Flynn (Leader of the Opposition): Well, he may get two.

Senator Frith: It does not take many to be more than one.

Senator Phillips: Honourable senators, I watched the minister's announcement of this bill on television and found it to be rather depressing. The minister was pressed by the media to explain how the mortgage rate protection would work. He was unable to explain how it would work. He was unable to give an estimate of the cost, or even the number of people who would take advantage of the scheme. He could not do any of those things because there were too many unknowns. The cost to the federal treasury would depend upon the number of participants in the scheme and future interest rates. He gave me the impression that he was tired of being a cabinet minister, that he was tired of his own mistakes—I can understand that—and that he was even more tired of the numerous mistakes made by his government—and that is even more understandable. He left me with the impression that he did not know, and he did not care, how the program was going to work.

• (1240)

Housing in Canada is plagued by high purchase costs and high interest rates. We have had a series of finance ministers since the Honourable John Turner initiated the principle of deficit financing, each outdoing the other to increase the deficit. We had Donald Macdonald. He is now studying the economic aspects of Canada's future. We have had Jean Chrétien, Allan MacEachen and Marc Lalonde. All of them have achieved—

Hon. H. A. Olson (Leader of the Government): What about John Crosbie?

Senator Phillips: Yes, we had one good minister in that succession, I will admit. I thank the honourable senator for reminding me of that fact. All that we have achieved through this is inflation and record unemployment. The Cabinet has attempted to control these factors by imposing higher interest rates.

As Senator Frith stated yesterday evening, Canadians are now hesitant to purchase homes because of their fear of increasing interest rates. But the fear of Canadians has increased in the past two weeks. John Turner has been the Liberal leader for only two weeks and already interest rates have gone up 1 per cent.

Some Hon. Senators: Hear, hear.

Senator Phillips: While interest rates have gone one way, the dollar has gone the other. Iona Campagnolo stated, following the Liberal leadership convention, that there was one disaster, that the balloons did not come down. It is very simple. She tied them to the interest rates, and naturally they went up instead of coming down.

The sponsor, in one of the more humorous aspects of his introduction last evening, said that the reduction of mortgage interest rates was part of the government's economic recovery program. Surely, honourable senators, lower interest rates, as advocated by so many of the Liberal candidates during the leadership race, would have been much more effective in producing a better economic recovery. So much for the new liberalism.

The principle of Bill C-37 indicates that it is necessary to look back on the record and service of the Liberal Party and not just to look ahead. We have to consider what has happened in the past years of a Liberal government. The record contains such failures as deficit financing and high interest rates. I would ask honourable senators whether, in view of past experience, it is reasonable to assume that an insurance scheme will make high interest rates any more successful in the future than they have been in the past?

The insurance scheme contains a rather novel idea. The same premium applies for a one-year mortgage, a three-year mortgage or a five-year mortgage. Honourable senators, if we were to apply that to car insurance, we would pay car insur-

ance when we purchased a car, and the insurance, like the muffler, would be guaranteed for as long as we owned the car.

It was difficult to see any benefit in insuring either a one- or a three-year mortgage. Interest rates must rise by 2 percentage points before any benefits are received, and a premium in excess of $1,000 virtually eliminates one-year mortgages. Three-quarters of the increase beyond 2 percentage points are covered, and this fact alone makes a three-year mortgage benefit rather dubious.

Senator Frith emphasized the possible benefits of a five-year mortgage. Let us consider for a moment a five-year mortgage. Such a mortgage today will have cost at least 15 per cent, and probably more, and the rate in five years time would have to reach 17 per cent before the individual paying the premiums would be eligible for any benefits. Surely the government is not so pessimistic that they can see nothing down the road except a return to mortgage rates ranging from 18 per cent to 20 per cent. Surely there must be something better in the prospect than that.

Senator Frith: I can see what you meant by your difficulty in understanding.

Senator Phillips: The principle of the bill is that there will be benefits if mortgage rates return to a range of 18 per cent to 20 per cent; otherwise one is wasting a $1,000 premium.

Senator Frith described this as a cushion. I do not believe it is a cushion. It is merely a poorly embroidered cushion cover. You forgot to put anything in the cushion, senator, and I would suggest that you take a look at the Progressive Conservative Party's policy, and then fill up the cushion. It would be much more effective that way.

Mortgage-backed securities are a second aspect of Bill C-37. The sponsor emphasized that mortgage-backed securities work extremely well in the United States. But, honourable senators, there are a number of programs working in the United States that apparently are not working in Canada. They have a lower rate of unemployment, a lower rate of inflation, and a GNP rate three times as high as ours.

An Hon. Senator: And the highest crime rate.

Senator Phillips: Obviously because a program works in the United States, it does not imply that it will automatically work in Canada.

Senator Frith: Shall we remove that part?

Senator Phillips: Have a look at it, yes. In fact, have a look at the whole bill. The sponsor envisions insurance companies, pension funds and other sources of funds falling all over themselves to invest in mortgage-backed securities for a ten-year period. But what the sponsor neglected to tell us is that the government already has ten-year certificates. Today we are paying 13.5 per cent on those certificates. Add an insurance premium and the service fee, and we are up to at least 15 per cent.

Those responsible for investing funds are not naive, stupid or Liberal "yes" men. They are responsible for investing those funds to give the highest possible return. That means the highest interest rate available. They do not have to turn to a program such as mortgage-backed securities, because the program already exists in other securities, and I do not see any great influx into that program.

One important source of mortgage funds today is the vendor taking back a mortgage. Many people use their home to provide a retirement fund. They sell the home, take back a mortgage, and they get a monthly income in principal and interest. But for some strange reason, that source of funds is not covered under the legislation. Is there a particular reason for that, Senator Frith?

Senator Frith: Yes. I will speak to that.

Senator Phillips: Thank you. Considerable concern has been expressed in financial circles about the long-term effects of the mortgage-backed securities on the availability of funds for other purposes such as the five-year guaranteed income certificates, which banks and other financial institutions use to balance their five-year mortgage program. The present rather unsuccessful Minister of Finance has promised in his budget that the federal government will investigate the economic and financial impact of this legislation on mortgage rates and on competing ten-year financial instruments such as the federal government ten-year certificates. Would the sponsor of the bill give us an indication of the results of that study? Presumably it was carried out before the legislation was prepared and introduced, and we would prefer to see it now rather than after the bill becomes law.

• (1250)

Native or Indian housing on reservations is a federal responsibility. The amendments that are made to the Rural and Native Housing Program are good ones and I am pleased with the extra funding that is being made available. But when we come to the clause that provides for emergency repairs, I am wondering whether we are not condemning the present legislation when we say that we will provide for emergency repairs to make the houses safe, sanitary and habitable. Paragraph 7(2)(b) states that a disadvantaged person occuping a family housing unit in a designated area who is not the owner of the unit may receive a contribution for urgent repairs. I have two questions arising from that paragraph. First, I am intrigued by the use of the phrase "disadvantaged person." In looking for an explanation of that phrase I turned to the minutes of the committee of the House of Commons. A "disadvantaged person" is an Indian. Therefore, this clause only applies on reservations. I am wondering why it was necessary to use the phrase "disadvantaged person." Is there anything wrong with the word "Indian?" I do not find anything wrong with it and I am not ashamed to use it. I do not use it in a disparaging sense. So why have they not used the word "Indian" in the legislation? The other question arises from the fact that this paragraph refers only to the male gender. Are Indian women excluded from this clause? Are they excluded from the benefits of this act? If not, the paragraph should say "he or she" or "him or her."

Last evening the sponsor of the bill in his exuberant exaggeration stated that there is no subsidy involved in Bill C-37.

The federal government has introduced a program that will provide solutions and, lo and behold, it is not going to cost the taxpayer a cent. However, if we look at the bill we find that funds flow into the Consolidated Revenue Fund and flow out again like quarters through a slot machine. Anyone who has taken even the briefest look at our huge deficit must realize that more funds come out of the Consolidated Revenue Fund than go into it. This has been the pattern all along and, undoubtedly, it will be the pattern if anyone purchases this insurance. I ask the sponsor of the bill to come clean and tell us how many mortgages will be taken out, the anticipated administrative costs and the anticipated losses to the program. In all fairness, I must tell Senator Frith that I will be rather skeptical of the projections. Liberal finance ministers are not known for their accuracy. But we have learned over the years to take their estimated losses, double them and get a ball-park figure. It works very well in most cases except when we come to Senator Austin: then we have to quadruple them.

I hope that this afternoon in committee we will receive some information on the costs of the program to the taxpayer and that there will be people present to give us accurate information on the costs. We look forward to hearing from these people and I am sure that the sponsor will arrange for them to be present.

Senator Frith: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if Senator Frith speaks now his speech will have the effect of closing the debate on the motion for second reading.

Senator Frith: Honourable senators, I thank Senator Phillips for his intervention and sympathize with his inability to understand. I must say that my sympathy is increased in part when I realize that he suffers from what I suppose could be called a professional hazard because any one of us who has been to a dentist are familiar with how dentists like to talk rather than listen, especially when they have your mouth full of sponges and drills.

Senator Phillips: We don't use that many sponges.

Senator Frith: He has shown that in the course of his professional career he did not learn very much about listening but he learned a good deal about speaking. I found his rather fanciful intervention entertaining, as usual.

However, he did raise some particular points. First I will deal with the question of why mortgages back are excluded. There are three reasons. There is the question of standardization. Those who qualify as certified lenders under the program have to meet certain requirements and obligations, which is natural for a scheme of this kind. Of course, in the case of vendors taking back mortgages, these kinds of regulations and controls would not be possible. There is also a question of delivery. Under the Mortgage Rate Protection Program, certified lenders have an active role when delivering mortgage coverage. It is felt that sellers who enter into vendor-take-back arrangements do not always have the capability over the long term to deliver the Mortgage Rate Protection Program. Then there is the problem of the arm's-length transaction. The experience in dealing with approved lenders and/or certified lenders has shown that the mortgage financing transaction is conducted in a more professional manner than what takes place at arm's-length. Those are the three reasons that mortgages back are not included in the scheme. However, I think that Senator Phillips has asked a very relevant question.

As to the impact of mortgage-backed investments on the market, discussions were held with financial institutions on the impact of the securities and it was generally felt that these securities would be well received in financial markets. The overall size of the capital market is very large, with some $50 billion in new money being raised each year outside the mortgage market. So the experts in the field, including those actively in the field, expect that these securities will have very little impact on the general level of interest rates. Yet, increasing the flow of funds into mortgages could put downward pressure on mortgage rates.

As to the question of using the phrase "disadvantaged persons" rather than the word "Indian", we might want to refine and discuss the matter in committee today but it was not my understanding that "disadvantaged persons" was limited to Indians, although that may be what was said in the House of Commons committee. I had thought that that clause dealt with rural and native disadvantaged persons. Senator Phillips also referred to the use of words referring only to the male gender in paragraph 7(2)(b). I think this would be covered by the Interpretation Act and that that paragraph would apply to women, though the male gender is referred to in the article.

• (1300)

Finally, with respect to the question of the subsidy, I thought I made it clear both to Senator Roblin and to Senator Phillips that I am not suggesting there is no possibility that the result of this scheme, which is essentially an insurance scheme, will be negative. That is to say, there will be money charged against the Consolidated Revenue Fund when it all washes out. The purpose of the scheme is to have it result in a zero balance. In other words, there will be neither a profit nor a loss. Of course, if it could be seen that there would be assured profits, then the private sector would be involved through the insurance companies. The government is in the scheme because no profit can be assured. If it turns out that there is a loss, as Senator Phillips says, then it will come out of the Consolidated Revenue Fund.

When I say that the scheme is not a subsidy, I mean that it is not in the nature of a subsidy wherein the government simply steps in and says, "There is no insurance; there is no fee. We will subsidize." In this instance there is a fee. In its nature the scheme is a self-financing insurance scheme. If it fails to finance itself then there will be a draw on the taxpayer. I am in agreement with that point. That is the sense in which I say it is not a subsidy.

Honourable senators, I ask for support of the motion for second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Frith moved that the bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 786*)

TRANSPORT AND COMMUNICATIONS

INTERIM REPORT OF STANDING SENATE COMMITTEE ON RAIL PASSENGER SERVICE IN CANADA

ARE WE ON THE RIGHT TRACK?

Membership of the Committee

The Honourable Léopold Langlois, *Chairman*
The Honourable James Balfour, *Deputy Chairman*
and
The Honourable Senators:

Adams, Willie	Muir, Robert
Bielish, Martha	*Olson, H.A.
Bonnell, M. Lorne	Perrault, Raymond J.
*Flynn, Jacques	Riley, Daniel
Graham, Alasdair	Stewart, John B.
Macdonald, John M.	Stollery, Peter

*Ex Officio Members

Note: The Honourable Senators Cottreau, Hastings, LeMoyne and Lucier also served on the Committee at various stages.

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, Thursday, January 19, 1984:

With leave of the Senate,

The Honourable Senator Riley moved, seconded by the Honourable Senator Balfour:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc.; and

That the papers and evidence received and taken on the subject in the first session of the present Parliament be referred to the Committee.

The question being put on the motion, it was—

Resolved in the affirmative.

CHARLES A. LUSSIER,
Clerk of the Senate.

Acknowledgements

During the past four months the Standing Senate Committee on Transport and Communications held public hearings, *in camera* meetings and conducted extensive studies of Amtrak facilities and operations in the United States.

The Committee received cooperation from the Minister of Transport, the Honourable Lloyd Axworthy; from officials of VIA Rail Canada Inc.; from officials and staff of the Ministry of Transport and the Canadian Transport Commission; and from all other witnesses who appeared before the Committee, a complete list of whom is appended to this Report.

In carrying out its mandate, the Committee toured and received comprehensive briefings on Amtrak facilities during the month of April. The members wish to express their gratitude to the Amtrak officials in Chicago, Beech Grove, Washington D.C., New York, Mobile and New Orleans for their efforts in making the Committee's visit both worthwhile and enjoyable. In particular, the Committee wishes to thank Mr. Graham Claytor, President, Amtrak; Mr. James H. English, Vice-President, Government Affairs; Mr. Robert Gall, Vice-President, Marketing; Mr. Wilfred Leatherwood, Manager, State and Local Services; Ms. Diane Elliot, Director, Corporate Communications; Mr. R. Preski, Head of Maintenance, Chicago Maintenance Terminal; and Mr. W.A. Barrick, General Manager, Beech Grove Heavy Repair and Rebuilding Facility for their efforts.

The Committee believes that special mention should be made of the contribution of Mr. Jim Barber, Director, Intergovernmental Affairs for Amtrak, who on short notice arranged and co-ordinated the tour and briefings, and who worked closely with the Committee and its staff in preparation for, as well as during its visits. Without his extraordinary and professional efforts on our behalf this portion of our study would not have been as valuable as it was for the Committee. His collaboration and efforts are greatly appreciated.

The Committee also acknowledges the assistance provided by the Canadian Embassy in Washington D.C. and the Canadian Consulates in New York, Chicago, Atlanta and New Orleans for its travel in the United States.

Special mention must also be made of the contributions of the Committee's staff. The Committee expresses its appreciation to Mr. André Reny, Clerk of the Committee, who facilitated the administrative aspect of our work — particularly the arrangements for travel, hearings and the co-ordination of witnesses. The Committee is also indebted to John Christopher, Research Officer, from the Research Branch of the Library of Parliament, who provided the expertise and did the research

necessary to provide the basis of the findings and recommendations for this report.

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VIA RAIL LEGISLATION

1. The Committee recommends that legislation be enacted by the Parliament of Canada at the earliest possible time to establish VIA Rail on its own statutory basis with a mandate to provide a sound and efficient national rail passenger system.

2. The Committee recommends that the ACT include a clear statement of the Government's policy regarding VIA's provision of rail passenger service.

3. The Committee recommends that the ACT include provisions authorizing VIA Rail to own, manage, and operate intercity passenger trains, and/or contract for the operation of passenger trains and, that insofar as it is practicable, VIA Rail shall directly operate and control all aspects of its rail passenger service.

4. The Committee recommends that the ACT include the establishment of specific service commitments for rail passenger services with a time-frame for their implementation.

5. The Committee recommends that the ACT include provisions for VIA Rail to enter into agreement(s) with parties for the provision of passenger rail services if the need arises.

6. The Committee recommends the establishment of a Joint Parliamentary Committee on transportation to report, within two years of the enactment of the legislation, on the effectiveness of the ACT and to propose any changes it deems necessary.

OPERATING CONTRACTS AND COSTING PROCEDURES

7. The Committee recommends that under the ACT, VIA Rail be given the power to negotiate operating contracts with the railways employing the concept of short-term avoidable costs and that in the event of failure to reach a satisfactory voluntary agreement, VIA Rail shall have the right to appeal to the CTC for arbitration.

8. The Committee recommends that the operating contracts between VIA Rail Canada Inc. and the railways be based on a flat rate costing methodology where each costing element is paid for by a fixed monthly payment to the maximum extent possible — with provisions for amendments to allow for changes in such items as wages and the level of services.

9. The Committee recommends that VIA Rail, in order to better negotiate contracts, be given the right to complete access to the railways' financial and operational records for detailed studies prior to negotiating a new contract, including post-audits of billings and payments.

10. The Committee recommends that VIA Rail Canada be required by law to keep all costing data confidential.

11. The Committee recommends that until such time as these contract and costing recommendations have been implemented, VIA Rail be given full access to the 1981 CTC audit report of CP service charges to VIA Rail and all subsequent audit reports of both operating railroads.

SUBSIDIES FOR PASSENGER RAIL SERVICE

Competition

12. The Committee recommends that the Standing Senate Committee on Transport and Communications, or the Joint Parliamentary Committee (referred to in recommendation 6) conduct, at its earliest possible convenience, a complete study into the subsidy question with the view to determining how much the various transportation modes are subsidized. This study would determine whether or not one mode has an unfair competitive advantage over another mode and cite recommendations to redress any inequities.

Cost Recovery

13. The Committee recommends that, within a VIA Rail Canada Act, appropriate levels of subsidy be established together with the attendant levels of service that should be provided by VIA Rail.

PASSENGER RAIL SERVICE

Maintenance Centres

14. The Committee recommends that in order for VIA Rail to have complete control over its maintenance facilities, the work done in them, and the costs incurred in such work, consideration be given to having VIA Rail employees carry out such duties. This may involve the transfer of employees and/or the hiring of new employees.

Railcar Rebuilding

15. The Committee recommends that the rebuilding of heritage rail cars, including the conversion from steam to electric power, be undertaken by VIA Rail in order to upgrade equipment and increase the usable inventory of the railway especially for use in off-corridor service. Consideration should also be given to establishing a facility where this work could be done by VIA Rail employees under direct control of VIA rather than being contracted out.

16. The Committee recommends that in addition to the rebuilding of heritage cars, the program to develop a prototype train set for use in Western Canada and Atlantic Canada proceed with the greatest possible dispatch. The car rebuilding program should not be viewed as replacing the need for new equipment for off-corridor use but rather as an interim measure until new equipment is developed.

Priority of Passenger Trains

17. The Committee recommends that railway sidings be lengthened where necessary to handle long freight trains in order to give passenger trains priority when "meets" occur.

18. The Committee recommends that under the ACT, passenger trains be given priority over freight trains in the use of trackage to the greatest extent possible.

19. The Committee recommends that the ACT establishing VIA Rail Canada allow for incentives and penalties to be assessed within the operating contracts between VIA Rail and the railways for attaining (or not attaining) on-time performance standards.

Labour

20. The Committee recommends that Labour be actively included in VIA Rail's design and testing of new equipment in order to provide the railway and the customer with the best possible trains.

21. The Committee recommends that a railway labour representative sit on the Board of Directors of VIA Rail in order to provide more direct input from employees for the overall benefit of passenger rail service.

Route Development

22. The Committee recommends that VIA Rail, under a new VIA Rail Canada Act, be required to develop a comprehensive plan for the improvement of all inter-city rail passenger transportation, including route structure, level of service, and types of equipment to be used. This should be submitted to Parliament expeditiously, with route abandonments subject to CTC approval only after an adequate public hearing process has been completed.

MARKETING FUNCTIONS

23. The Committee recommends that VIA Rail institute a policy whereby a larger number of agencies have authority to sell and distribute VIA Rail tickets. One way this could be done is by linking travel agencies to a computer ticketing operation such as is used by Air Canada.

24. The Committee recommends that the telephone inquiry and reservation system that is presently employed by VIA be upgraded.

VIA-AMTRAK SERVICES

25. The Committee recommends that, in consultation with Amtrak, VIA Rail actively undertake studies to improve and expand rail links and/or joint services between Canada and the United States.

RESTORATION OF PASSENGER TRAIN SERVICES

26. The Committee recommends that the Atlantic Limited linking Central Canada through Sherbrooke, Quebec, and

southern New Brunswick to Halifax be restored immediately.

Rail Passenger Services in Canada — Are we on the right track?

FOREWORD

On 6 July 1982 the Standing Senate Committee on Transport and Communications presented its Interim Report on Passenger Rail Service provided by VIA Rail Canada Inc. It was noted then that the Committee would require more time to complete its study of this complex subject. After conducting further examination under a new order of reference, the Committee is still of the opinion that further investigations and hearings, especially in the areas of costing, government subsidies, and provision of regional passenger services are required in order to fulfill its mandate. For this reason, the Committee is presenting another interim report. If the current parliamentary session is not ended by prorogation, the Committee will continue its investigations.

In this interim report the Committee outlines what has occurred since July 1982 in the rail passenger field. As well, it describes those areas that it believes requires urgent attention if Canada is to have a truly adequate rail passenger system. In doing this, the Committee recognizes that many of the recommendations presented in this report are intertwined and dependent on each other. Because of this, the recommendations presented here should be viewed in their totality and not as separate elements which can be implemented on a piecemeal basis. Their maximum effect can only be attained if they are implemented as a total package for the improvement of Canada's rail passenger system. The Committee also recognizes that many of the recommendations require the enactment of VIA Rail legislation (i.e., a VIA Rail Canada Act) if they are to have the desired impact on the passenger rail system.

INTRODUCTION

On 19 January 1984 the Standing Senate Committee on Transport and Communications received its order of reference from the Senate of Canada which reads as follows:

> That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc; and
>
> That the papers and evidence received and taken on the subject in the first session of the present Parliament be referred to the Committee.

Pursuant to this reference the Committee began its hearings on 21 February 1984 and heard witnesses with varying concerns regarding national rail passenger services. Included in this process was an extensive examination and tour of Amtrak's operations and facilities in the United States during the month of April.[1] This enabled the Committee to compare and contrast our passenger rail system with one which started from much the same beginnings and which has evolved into an efficient passenger rail corporation. This report attempts to deal with the concerns that were raised before the Committee in a fair and accurate manner and to provide recommendations and suggestions to ensure that a sound and viable passenger rail system is established.

SHOULD VIA RAIL EXIST?

The title of this report is not intended to be facetious. It reflects the Committee's concern about the future of passenger rail transport in Canada. An atmosphere of uncertainty has been created in many regions of Canada that perhaps there really is no future for this type of transportation system. The long history of poorer and poorer passenger service and the service cutbacks announced by the Government in 1981 caused this uncertainty and put the future of passenger rail transportation in doubt.

Recent problems, especially during the Christmas period in December 1983 with equipment breakdowns resulting in long delays, have been viewed as indications that VIA Rail still is not committed to providing an adequate rail service. The Committee believes that underlying the whole issue of passenger rail transportation is the question of whether or not the Government is committed to the existence of VIA Rail, or even to passenger rail services. As stated in its first interim report, the Committee is still of the opinion that a modern and efficient railway passenger system can and should be provided and continue to play an important role in Canada's transportation future.[2]

Are we "on the right track" to the achievement of this goal? The Committee believes that some advances have been made in a positive direction but that much more needs to be done. It feels that with proper Government initiatives, sound management practices and necessary powers, VIA Rail Canada Inc. can provide Canadians with a good rail passenger system.

CHANGES IN PASSENGER RAIL SERVICES SINCE JULY 1982

While the Committee heard much testimony on what is wrong with Canada's passenger rail system, it also received testimony highlighting improvements that have taken place since its interim report in July 1982. In testimony presented by the Minister of Transport, the Honourable Lloyd Axworthy, and by Mr. Pierre Franche, President of VIA Rail Canada Inc., on 21 February 1984, some of these improvements were noted.[1] These include:

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[1] Issue #5 of the Proceedings of the Standing Senate Committee on Transport and Communications (30 April 1984) provides a report of the Committee findings during this investigation.

[2] Senate of Canada, Interim Report on Passenger Rail Service Provided by VIA Rail Canada Inc., 6 July 1982, p. 2.

[1] Senate of Canada, Proceedings of the Standing Senate on Transport and Communications, 21 February 1984, Issue No. 1.

— the development of a five-year capital program for VIA to better enable it to invest in the improvement of its facilities and services;

— Government funding to VIA Rail of approximately $300 million for the development of four new maintenance facilities to be located at Halifax, Montreal, Toronto and Winnipeg to enable it to have better maintenance operations at lower cost;

— with the assistance of the Department of Regional Industrial Expansion, the Department of Transport announced a $40 million program to develop a new prototype train set for use in the Atlantic provinces and Western Canada;

— consultations in various locations in Canada with a view to restoring some passenger services that were done away with in 1981. This has resulted in the restoration of the Northern Continental Line between Winnipeg and Edmonton with extension to Vancouver via Jasper in the fall of 1985 and a two-year trial program for the Moncton/ Edmundston line in New Brunswick;

— the establishment of special fares (e.g., student discounts) and a series of tour packages by VIA Rail;

— a growing climate of cooperation between VIA, CN and CP on common issues;

— the upgrading of a number of railway stations by VIA, the most important being the Gare du Palais in Quebec City (which is leased by VIA);

— discussions by VIA with CN, CP and Transport Canada about a plan to transfer all the key railway stations to VIA's control and management — this has resulted, subject to Treasury Board approval, in VIA signing agreements to buy the Trois-Rivières and Winnipeg stations;

— the delivery of the second order of Light Rapid Comfortable Trains (LRCs) which is expected by early 1985, for service in Central Canada;

— the establishment of a customer service training program for VIA employees to improve service to the public; and

— the completion by VIA of a three-year study on high-speed passenger rail service in Canada's more densely-populated corridors. Subject to detailed engineering and market studies, VIA feels that a high-speed train service could be established in the Quebec-Windsor corridor and be operated at a profit.

The Committee recognizes the value of these efforts and commends the Government and VIA Rail for these actions. However, it also notes that some matters raised in its earlier report have not been addressed and submits that additional major initiatives must be taken if rail passenger services are to be substantially improved. The following sections of this report will deal with those initiatives.

VIA RAIL LEGISLATION

The Committee recommended in its previous report that legislation be enacted to provide VIA Rail Canada Inc. with a clear and all-encompassing statutory framework. This still has not been done.

In the hearings leading to its first interim report, the Committee heard evidence of the positive effects that legislation had in the creation of Amtrak in the United States. This view was reinforced during its recent study of Amtrak's operations. That railroad has a statutory basis with its duties and powers clearly defined. Recent testimony before the Committee again confirmed the fact that VIA is being hampered by the lack of a statutory framework and the mandate that normally accompanies it. This is noted in the following statement by Mr. Garth Campbell, former Vice-President of Passenger Marketing at CN Rail, before the Committee when he was outlining some of the problems he felt were facing VIA Rail.

> However impressive the foregoing list of problems is, by far the most critical in my opinion was the first one. The mandate which VIA inherited when it was created was never written, never debated in Parliament and never really defined. It did not spell out VIA's obligations nor its authorities. It did not define the operating railways' obligations in return for being relieved of the financial burden of the passenger business. Lastly, it gave the public no clues as to what it ought to expect in terms of service.
>
> This mandate would normally have been spelled out in legislation and the abiding question in many minds is why this was never done — as for example when Amtrak was formed. At the time, everyone was so glad to see anything happen that they settled for what they could get — a schedule "D" crown corporation fashioned out of Adam's rib! It may have been however, that the basically pessimistic view of the government concerning the future of rail service, gave rise to great reluctance to introduce legislation and to say just what VIA was all about. I now believe that the reason may be simplicity itself, as obvious as the proverbial nose on one's face. To define VIA's role in legal terms when the official attitude was so ambivalent, could have exposed the government or VIA, or both, to very considerable criticism. A forthright indication of the future could have raised an unholy row after the endless pious promises of 1974, 1975 and 1976 to improve and to revitalize the service.[1]

VIA Rail has proposed — as it did when it came before the Committee under its first order of reference — that a VIA Rail Canada Act be enacted. Such an Act could provide VIA with a mandate outlining, among other things, what types of services it is expected to provide in the various regions of Canada; how it will be compensated for the provision of services; its rights over tracks and station facilities; and its relationship with the railways as well as the Department of Transport and the Canadian Transport Commission. At the present

[1] Senate of Canada, Proceedings of the Standing Committee on Transport and Communications, 20 March 1984, Issue No. 4, p. 4:11.

time VIA has to adapt to situations as they arise without having a clear picture of what its position is or what its role in providing rail passenger transportation is, will or should be.

The Committee finds that VIA Rail now has the responsibility to provide passenger services without the necessary powers and guidelines to carry out this responsibility. Here again we return to the basic question of whether or not we want rail passenger services in Canada. If the answer is affirmative — and the Committee believes it is — then VIA must be provided with the powers necessary to accomplish this goal.

What is essential is that the Federal Government make a basic commitment to passenger rail service. This can best be accomplished by enacting legislation setting out the goals and objectives of both VIA and the Government for such a service. It is one thing to provide ad hoc solutions such as the reinstitution of some services or the funding of maintenance centres to solve some of VIA's problems; however, this still does not provide VIA with a firm and explicit policy on the part of the Government as to what passenger rail services should be for Canada. This can be done only by providing VIA Rail with legitimacy — through the enactment of a VIA Rail Canada Act.

As at the time of its previous report, the Committee believes that the obvious way of achieving this end would be to enact legislation that clearly spells out VIA's responsibilities and powers as well as those of the Government. The Committee also proposes the establishment of a Joint Parliamentary Committee to monitor the effectiveness of the legislation.

Therefore,

1. The Committee recommends that legislation be enacted by the Parliament of Canada at the earliest possible time to establish VIA Rail on its own statutory basis with a mandate to provide a sound and efficient national rail passenger system.

2. The Committee recommends that the ACT include a clear statement of the Government's policy regarding VIA's provision of rail passenger service.

3. The Committee recommends that the ACT include provisions authorizing VIA Rail to own, manage, and operate intercity passenger trains, and/or contract for the operation of passenger trains and, that insofar as it is practicable, VIA Rail shall directly operate and control all aspects of its rail passenger service.

4. The Committee recommends that the ACT include the establishment of specific service commitments for rail passenger services with a time-frame for their implementation.

5. The Committee recommends that the ACT include provisions for VIA Rail to enter into agreement(s) with parties, for the provision of passenger rail services if the need arises.

6. The Committee recommends the establishment of a Joint Parliamentary Committee on transportation to report, within two years of the enactment of the legislation, on the effectiveness of the ACT and to propose any changes it deems necessary.

OPERATING CONTRACTS AND COSTING PROCEDURES

In providing passenger rail services, VIA enters into contractual arrangements with CN and CP for the provision of services such as maintenance of rolling stock, use of tracks and roadbed services such as switching. Much discussion has been heard before the Committee regarding the way in which VIA negotiates these operating contracts with the railways. The observation has been made that VIA is at a severe disadvantage in these negotiations because it does not have complete access to all the costing information from the railways. It has been brought to the Committee's attention that VIA has made good progress during 1983 in obtaining more detailed billing information from the two railways, which has resulted in lower rail charges to VIA. The Canadian Transport Commission (CTC) has also reduced the time it takes in auditing CN/CP charges to VIA Rail. While these improvements are welcomed by the Committee, it still has some concerns in this area.

A. CTC Audit Reports

The audit reports examine the CN/CP charges to VIA Rail in some detail. In accordance with the Minister of Transport's directive of 17 December 1981, which initiated these audits, the CTC provides these reports to Transport Canada, which may then distribute them to CN, CP and VIA.

In testimony by the CTC before the Committee on 22 May 1984, it was noted that CP Rail has objected to the release of the last (1981) audit report of its charges to VIA Rail. As a result VIA is not yet in possession of all relevant costing data. The CTC has recommended that VIA receive the 1981 audit report and the Committee agrees with this recommendation. Subject to keeping this data confidential, VIA should be given access to this and all subsequent audit reports of both operating railroads.

B. The 13th and 14th Bills

The Committee's concerns regarding the 13th and 14th bills that were raised during the Committee's hearings in 1981-1982, while somewhat alleviated, still exist. VIA Rail still receives monthly bills from CN and CP for the services they provide to VIA under the operating contracts. In addition, the contractual arrangements provide for the presentation to VIA of a 13th bill or yearly statement of adjustment charges to be paid to the railways in addition to the expenses billed in the monthly statements. This bill is a catch-up bill after the 12 monthly bills have been processed and includes charges that may not have been foreseen (e.g., switching charges) or correctly estimated in the monthly bills.

VIA Rail is also presented with a 14th bill. This represents a final adjustment figure which the operating railways can charge VIA after their charges have been audited by the CTC. While VIA has been better able to forecast what these bills will amount to (VIA received a credit in excess of $5 million for overpayments to the railways for their services in 1982), they are still faced with the fact that they are not sure what their final costs for services will be under the operating contracts until well after the operating year ends. It would seem desirable where possible to have VIA Rail aware of the costs it is going to incur before such services are performed. This would allow VIA to have an improved budget process and more financial control over its operations. The Committee is still of the opinion that a contractual arrangement should be established that does away with a 14th bill.

C. Costing Methodology — The Amtrak Approach

1. Short-term Avoidable Costing

The subject of costing methodology within the operating contracts was also examined by the Committee. In its study of Amtrak's operations, it reviewed the contrasting approaches to costing methodology.[1] Amtrak uses the concept of *short-term* avoidable costs in its operating contracts with the railway companies. That is to say, Amtrak pays costs that the railroads would have avoided incurring if no passenger trains were operated. This is in contrast to the procedure imposed on VIA Rail by costing Order R-6313 whereby it pays *long-term* avoidable or allocated costs:

> Allocated costing methodologies may use inflated overheads to cover supervisory costs, corporate overheads, profit factors or other costs not specifically identified. Such overheads may be significantly greater than actual avoidable costs. Amtrak pays only avoidable costs, such as the actual cost of employee health and welfare benefits, as well as actual vacation and holiday pay.
>
> Amtrak does not pay for other items which *potentially* could involve significant costs, such as the use of tracks and facilities, opportunity costs, return on investment and ownership costs.[2]

The costing methodology is a critical factor in VIA's financial operations because approximately 60% of its total expenses each year are payments to the railways under the operating contracts. Amtrak believes it saves a considerable amount of money by using the short-term avoidable costing methodology in negotiating its operating contracts, and estimates that since 1976 these savings have been in excess of $30 million annually. The question arises, how much could VIA save if a similar costing methodology were used? In testimony before the Committee, the CTC stated that the costs to VIA would be lower under the U.S. costing system.

> The system used in the United States would produce costs somewhat lower than the cost levels that we are assessing. There is some argument between VIA and ourselves regarding exactly how much lower they would be. We have suggested that it is in the ballpark of $25 million to $35 million less in terms of the U.S. system. VIA claimed, at one time, that it was as much as $55 million, but I have not seen any justification for that claim. I believe our figures of $25 million to $35 million are reasonably accurate.[1]

This fact was noted in its first report and the Committee is still of the opinion that there would be substantial savings to VIA Rail if a short-term avoidable costing methodology were implemented in Canada. In other words, VIA Rail should only pay the actual costs of the railways in operating passenger trains.

2. Determination of Costs and Payments

Another significant difference between VIA and Amtrak lies in how the appropriate costs and payments are determined. This is highlighted in the following quotation.

> The question which logically follows the costing methodology is, "How are the appropriate costs and payments for same determined?" The answer is that Amtrak has complete access to the carriers' financial and operational records, not only for post-audits of billings and payments, but also for detailed studies prior to negotiating a new contract. This is the most significant difference between Amtrak and VIA's respective rights to determine what appropriate charges should be.
>
> After conducting actual cost studies using the carriers' records, operating contracts are negotiated with each railroad covering the actual services to be provided, the staffing levels required for each category of employees, and to the maximum extent possible, flat rates are negotiated for each service.
>
> It is also significant that Amtrak has the right to negotiate directly with the carriers, as well as the right to audit the carriers' operational and financial records without having to act through an intermediary.[2]

The subject of Amtrak's access to the operating railways' financial and operational records with full audit privileges was of particular interest to the Committee. As noted earlier, VIA does not have complete access to the railways' costing data and therefore cannot audit the railways' records. The Committee concludes that this places VIA in a very difficult position in negotiating operating contracts.

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[1] Issue #5 of the Proceedings of the Standing Senate Committee on Transport and Communications (30 April 1984) provides a report of the Committee findings during this investigation.

[2] J.L. Larson, Assistant Vice-President, Contract Administration, Amtrak, *Amtrak's Contractual Relationship with the Railroad Industry and Costing Methodology*, Washington, 5 April 1984, p. 2.

[1] Senate of Canada, Proceedings of the Standing Senate Committee on Transport and Communications, 22 May 1984, Issue No. 9, p. 9:13.

[2] J.L. Larson, Assistant Vice-President Contract Administration, Amtrak, *Amtrak's Contractual Relationship With the Railway Industry and Costing Methodology, Washington*, 5 April 1984, p. 3.

3. Flat Rate Costing

An important aspect of Amtrak's contracts is that they are based on a flat rate or fixed price costing concept where each costing element is paid for at a fixed monthly rate to the maximum extent practicable. Amtrak feels that this promotes efficiency and cost controls because once the rate is agreed to, inefficiencies are borne by the carrier. On the other hand, if the carriers can reduce costs by being more efficient, they can pocket the savings. The contracts also allow for amendments to be made to take into account such things as changes in the level of services provided and wage adjustments. Finally, Amtrak pays incentives to the railways for on-time performance and has penalty provisions for poor performance. The Committee believes this type of contract could eliminate the need for the 13th and 14th bills and would promote efficiencies within the operating railroads.

It bears noting that if Amtrak and a railway fail to agree on satisfactory terms for the operating contract, Amtrak can appeal to the Interstate Commerce Commission (ICC) to arbitrate the dispute. This provides both parties with an impartial body to resolve the dispute. It also provides an incentive for both parties to reach an agreement rather than having one imposed upon them.

To sum up, Amtrak believes that the most significant differences between its and VIA's costing methodologies are the right to audit the carriers' financial and operational data, and the use of short-term avoidable costs, as opposed to longer-term avoidable or allocated costs.

D. Changes to VIA's Contractual Arrangements

The Committee believes that Amtrak's contractual arrangements and costing procedures offer important improvements over the current contractual arrangements under which VIA Rail operates. Amtrak does not have to predict about "13th" or "14th" bills because it already knows what its costs will be for a given year. The fact that VIA Rail does not have complete access to the costing data of the railways is unacceptable to the Committee.

VIA Rail has no formal mechanism whereby it can have contract disputes arbitrated by an independent third party except through the judicial system. This can cause lengthy delays in having contracts finalized and provides little incentive to the parties to come to a mutual agreement within a reasonable time.

By not knowing some of the railways' costs, VIA is negotiating in a vacuum and using an intermediary, the CTC, to verify costs it should have a right to know. The time has come to make VIA Rail an equal partner in contract negotiations.

7. The Committee recommends that under the ACT, VIA Rail be given the power to negotiate operating contracts with the railways employing the concept of short-term avoidable costs and that in the event of failure to reach a satisfactory voluntary agreement, VIA Rail shall have the right to appeal to the CTC for arbitration.

8. The Committee recommends that the operating contracts between VIA Rail Canada Inc. and the railways be based on a flat rate costing methodology where each costing element is paid for by a fixed monthly payment to the maximum extent possible — with provisions for amendments to allow for changes in such items as wages and the level of services.

9. The Committee recommends that VIA Rail, in order to better negotiate contracts, be given the right to complete access to the railways' financial and operational records, for detailed studies prior to negotiating a new contract, including post-audits of billings and payments.

10. The Committee recommends that VIA Rail Canada be required by law to keep all costing data confidential.

11. The Committee recommends that until such time as these contract and costing recommendations have been implemented, VIA Rail be given full access to the 1981 CTC audit report of CP service charges to VIA Rail and all subsequent audit reports of both operating railroads.

SUBSIDIES FOR PASSENGER RAIL SERVICE

A. Competition

Testimony before the Committee suggested that because VIA Rail is heavily subsidized, it provides unfair competition to other public carriers.[1] The heavy outlays of capital for equipment and for service improvements in the Quebec City—Windsor corridor were cited as an example of this. The Committee is of the opinion that all major transportation forms are subsidized to some extent and notes the vast sums of public money that have been expended on the building of airports, highways and harbours. The bus companies contend that highways were built mainly for automobiles and trucks and would exist with or without bus traffic. They also contend that they pay their fair share of highway costs through licence fees and fuel taxes and therefore that their operations are not subsidized. The Committee has reservations over these contentions.

12. The Committee recommends that the Standing Senate Committee on Transport and Communications, or the Joint Parliamentary Committee (referred to in recommendation 6) conduct, at its earliest possible convenience, a complete study into the subsidy question with the view to determining how much the various transportation modes are subsidized. This study would determine whether or not one mode has an unfair competitive advantage over another mode and cite recommendations to redress any inequities.

B. Cost Recovery

A recurring theme in discussions on Canadian passenger rail transport is the level of federal subsidy it receives in relation to the amount recovered through passenger fares. The 1983 operating subsidy to VIA Rail was $451 million, approximately 2.6 times the $173.3 million it received in passenger revenues for

[1] Senate of Canada, Proceedings of the Standing Senate Committee on Transport and Communications, 8 May 1984, Issue No. 6, p. 6:6.

that year. This is well below the $527.3 million VIA Rail estimated it would require for 1983. VIA stated in its Annual Report for 1983 that the major factors contributing to this reduction were the decline in inflation and the commitment by VIA's Board and management to a philosophy that espouses the least-cost approach to providing services.

While this reduction in subsidy is significant, VIA Rail is still being heavily subsidized by the Canadian taxpayer. In addition, VIA is never sure how much subsidy it will require from year to year. In any given year it could be required by the Government to operate trains on low density routes that require heavy subsidies. The Committee believes that consideration should be given to what the level of Government subsidy should be for rail passenger services. In its study of Amtrak[1] the Committee noted that Congress requires that Amtrak recover a certain percentage of its costs through revenues. Congress requires Amtrak to have a revenue-to-cost ratio of 50% by 1985 — a target which Amtrak has already attained. At the present time there is no such requirement for VIA. VIA should be made aware of how much subsidy it will receive from the Government and how much it will be expected to recover through its operations; in essence, how much the taxpayer will pay versus how much the users will pay. This is an attempt to isolate what the federal commitment is to passenger rail transport. Special subsidy provisions should be established to cover services deemed to be in the national interest that VIA must provide even if heavy losses are incurred. The Committee believes that once this commitment is known, VIA will be able to establish its priorities within a sound economic framework.

13. The Committee recommends that, within a VIA Rail Canada Act, appropriate levels of subsidy be established together with the attendant levels of service that should be provided by VIA Rail.

PASSENGER RAIL SERVICE

As noted earlier in this report, VIA Rail and the Government have taken a number of initiatives to improve service and equipment. For example, studies are underway on prototype trains or completed on high-speed corridor rail service that are intended to improve VIA's operations. While the Committee applauds these efforts to modernize a national rail system that has suffered from years of neglect, it would be remiss if it did not point out some aspects in this area that require attention.

A. Maintenance Centres

The announced establishment of new maintenance centres at Halifax, Montreal, Toronto and Winnipeg should help both to improve VIA's reliability and to give it more control over operating expenses. However, the question of how much control VIA will have over these centres remains to be determined. While VIA will own the maintenance centres, it will not have complete control over the work that will be carried out at these facilities particularly if the policy of contracting out to CN is continued. A recent announcement by VIA and CN stated that they have an agreement in principle to transfer hundreds of CN employees to VIA Rail. However, it was stressed that this will take considerable time because lengthy negotiations are still required between the companies and the unions before formal transfer agreements are concluded. If this transfer comes about, then VIA will gain full control of the maintenance facilities and complete control over the work that is done in them. This, VIA contends, would result in a drop in its costs because it would administer its own work force and be able to determine exactly the work to be done. Consequently, the Committee is of the opinion that VIA and CN should endeavour to hasten this transfer of maintenance employees.

14. The Committee recommends that in order for VIA Rail to have complete control over its maintenance facilities, the work done in them, and the costs incurred in such work, consideration be given to having VIA Rail employees carry out such duties. This may involve the transfer of employees and/or the hiring of new employees.

B. Railcar Rebuilding

The Committee was favorably impressed by Amtrak's rail car rebuilding facility while touring the plant at Beech Grove, Indiana. Amtrak has taken a fleet of rail cars it inherited in the early 1970s and has completely rebuilt many of them from the wheels up, including converting them from steam to electric power. This was done for approximately half the cost of acquiring new cars. VIA Rail testified that it is studying the feasibility of rebuilding some of its heritage rail cars but has not yet made a decision on this matter. It was also noted in this hearing that the new maintenance centres are not intended for rail car rebuilding. The Committee believes that considerable savings can be attained by VIA by rebuilding rail cars, including converting them from steam to electric power. This in turn would help to ease the equipment shortages that have been experienced on some routes and would end the delays due to frozen steam pipes that have occurred in extremely cold temperatures, as was the case in December 1983.

15. The Committee recommends that the rebuilding of heritage rail cars, including the conversion from steam to electric power, be undertaken by VIA Rail in order to upgrade equipment and increase the usable inventory of the railway especially for use in off-corridor service. Consideration should also be given to establishing a facility where this work could be done by VIA Rail employees under direct control of VIA rather than being contracted out.

16. The Committee recommends that in addition to the rebuilding of heritage cars, the program to develop a prototype train set for use in Western Canada and Atlantic Canada proceed with the greatest possible dispatch. The car rebuilding program should not be viewed as replacing the need for new equipment for off-corridor use but rather as an interim measure until new equipment is developed.

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[1] Issue #5 of the Proceedings of the Standing Senate Committee on Transport and Communications (30 April 1984) provides a report of the Committee findings during this investigation.

C. Priority of Passenger Trains

As was the case in the hearings leading up to the Committee's first interim report, complaints were voiced that passenger trains do not always receive priority over freight trains and are often shunted into a siding (i.e., "taking the hole") until the freight train passes. The reason given for this by the operating railways is that in some instances the sidings are too short to accommodate the longer freight trains and therefore the passenger trains have to "take the hole" until the freight passes.[1] While the operating railways stated that this does not occur often, it does happen to some extent — especially in the busy corridor between Vancouver and Calgary. The Committee, while recognizing that this may not be a frequent occurrence, also realizes that any delays, especially lengthy ones, result in a loss of passenger confidence in VIA Rail and ultimately turn people away. Because of this, the Committee recommends that consideration be given to lengthening sidings to accommodate longer freights and thus to allow passenger trains the priority to which they are entitled.

It also believes that provisions should be established in a VIA Rail Canada Act that would allow for a system of incentives and penalties. In other words, the operating railways would be paid incentives for providing better than standard performance and would be penalized if standards are not attained. The Committee notes that there are now in force on-time performance incentives for some of VIA's key services; however, it believes this should be formalized as part of all operating contracts through the proposed VIA Rail Canada Act.

17. The Committee recommends that railway sidings be lengthened where necessary to handle long freight trains in order to give passenger trains priority when "meets" occur.

18. The Committee recommends that under the ACT, passenger trains be given priority over freight trains in the use of trackage to the greatest extent possible.

19. The Committee recommends that the ACT establishing VIA Rail Canada allow for incentives and penalties to be assessed within the operating contracts between VIA Rail and the railways for attaining (or not attaining) on-time performance standards.

D. Labour

The Committee was pleased to hear from both labour and the management of VIA Rail that improvements in labour relations and employee morale had been taking place during the previous 18 months. The establishment of the customer service training program by VIA Rail, which involves every employee in a course geared to customer service-related activities, recognizes the critical need to provide customers with the quality of service that will attract them to passenger rail transport. VIA appears to be responding to some of the criticisms regarding poor service and is directly involving labour in overcoming these serious problems.

One area that merits study is labour's involvement with VIA's expected introduction of new equipment during the next few years. Labour has expressed the desire to be consulted and to have input into those aspects of the design of new equipment that affect the way they perform their duties in serving the passenger.[1] The Committee is of the opinion that since much of VIA's labour pool is in direct contact with the public, they are in a good position to assess the best way to serve the public and what facilities are required to best satisfy their needs.

Another aspect of joint management-labour efforts is the direct input of labour into management. Recent appointments of labour representatives to the Boards of Directors of Crown Corporations are seen by the Committee as an important step in encouraging labour participation in the effective operation of these corporations. This would be especially welcome in the case of VIA Rail which must overcome a number of obstacles, not the least of which has been a poor public image, if it is to become an effective railway company. One element that may aid this process is labour participation on VIA's Board of Directors where it could make contributions to better labour-management relations, could provide knowledge on railway operations and could have a direct input into VIA's future development.

20. The Committee recommends that Labour be actively included in VIA Rail's design and testing of new equipment in order to provide the railway and the customer with the best possible trains.

21. The Committee recommends that a railway labour representative sit on the Board of Directors of VIA Rail in order to provide more direct input from employees for the overall benefit of passenger rail service.

E. Route Development

It was noted by the Committee that a great deal of emphasis has been placed on upgrading rail passenger services in the Quebec City-Windsor corridor during the past two years. Introduction of LRC equipment, upgrading of rail lines, and studies indicating the possibility of high-speed electric trains operating on some sections of the corridor on dedicated trackage seem to point to a brighter future for passenger rail service in this region of Canada. The Committee realizes that initiatives have taken place for other areas of the country, including the development of a new prototype train set for Western Canada and Atlantic Canada as well as the reintroduction of two rail passenger services in these regions.

In spite of this, some witnesses before the Committee stated that too much emphasis is being placed on corridor services. They argued that new equipment has actually been placed in service there while studies were only beginning regarding new equipment for the other regions, and that a study has been completed on the future of the corridor while similar steps are

[1] Senate of Canada, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, 13 March 1984, pp. 3:15-3:16.

[1] Senate of Canada, Proceedings of the Standing Senate Committee on Transport and Communications, 15 May 1984, Issue No. 8, p. 8:6.

years away for the off-corridor regions. They complained that the corridor services are attracting too much of the money and planning activity while little attention is being given to the rest of the country.

The Committee recognizes the need to assure Western Canada and Atlantic Canada that their rail passenger needs will not be neglected. Therefore, the Committee proposes that there be a clear definition by the Government and VIA Rail of what types of services and equipment will be provided in off-corridor areas; the use of rebuilt heritage rail cars on off-corridor lines until new equipment has been introduced; and that consideration be given to the special needs of tourist regions. The Committee believes that the whole question of off-corridor services might best be studied by the Joint Parliamentary Committee (see recommendation No. 6) with its recommendations presented to Parliament at the earliest possible time.

In addition, it is the Committee's belief that in conjunction with the above-noted initiatives, VIA Rail should be required through legislation, to develop and submit to Parliament expeditiously a comprehensive plan for the improvement of all inter-city rail passenger transportation, including route structure, level of service, and types of equipment to be used. This should be done in consultation with the provinces, municipalities and other interested parties. Such a plan should not be implemented without the consent of Parliament and with any proposed route changes or future abandonments occurring only after adequate public hearings have been conducted under the process established by the CTC and in conjunction with the studies of the Joint Parliamentary Committee.

22. The Committee recommends that VIA Rail, under a new VIA Rail Canada Act, be required to develop a comprehensive plan for the improvement of all inter-city rail passenger transportation, including route structure, level of service, and types of equipment to be used. This should be submitted to Parliament expeditiously, with route abandonments subject to CTC approval only after an adequate public hearing process has been completed.

MARKETING FUNCTIONS

The Committee has noted improvements in the marketing of VIA Rail services. The linking of VIA's (RESERVIA) and Air Canada's (RESERVEC) reservation systems now means that accredited travel agents equipped with Reservec terminals have access to Reservia data without the need for a separate terminal. VIA has also been linked with Air Canada's Autotrav service which groups together information about tour packages offered by a number of companies. This will undoubtedly give VIA Rail broader access in marketing its services.

In spite of these efforts, the Committee thinks that two areas require further attention. These are the number of ticket selling locations and the delays in handling telephone reservations. Regarding the former, the Committee is of the opinion that VIA does not have a sufficient number of locations where tickets can be bought and picked up. For example, restricting the number of locations to only VIA Rail offices and/or the railway station makes it very inconvenient for customers to purchase tickets. It would seem more reasonable to have a large number of travel agencies, as is the case with Amtrak, with the authority to sell and issue VIA Rail tickets. This would alleviate last-minute rushes at the train station and the inconvenience caused for some customers in finding a convenient location to pick up their tickets. The Committee notes that VIA has made moves to increase the number of accredited agencies that sell its tickets and recommends that this practice be expanded in the near future.

On the subject of inquiries and reservations, it has been noted by the Committee that many customers have experienced long delays when trying to reach VIA by telephone. Sometimes they either cannot get through or are put on hold and have to listen to recorded music for an inordinate period of time. In testimony before the Committee, VIA stated that its average response time for telephone calls is 21 seconds.[1] This is unacceptable in a business that should be highly sensitive to customer demands. Without this sensitivity, customers lose patience and confidence in VIA Rail. In contrast to VIA, it was pointed out to the Committee that the response time for handling telephone calls by Amtrak averages three seconds and that the average length of time a customer spends making a reservation is slightly over two minutes. This is the type of efficiency VIA should seek to emulate. VIA told the Committee that it is aware of this problem and is trying to remedy it. The Committee believes that this should be done with the greatest possible speed. Moreover, reservation personnel should be fully aware of the types of accommodation available on the various trains.

23. The Committee recommends that VIA Rail institute a policy whereby a larger number of agencies have authority to sell and distribute VIA Rail tickets. One way this could be done is by linking travel agencies to a computer ticketing operation such as is used by Air Canada.

24. The Committee recommends that the telephone inquiry and reservation system that is presently employed by VIA be upgraded.

VIA — AMTRAK SERVICES

An important point that was noted in the Committee's study of Amtrak's operations was VIA's links with the U.S. passenger rail system. At the present time Amtrak and VIA operate services between Montreal and New York and between Chicago and Toronto. Complaints regarding the slowness of trains, poor equipment and scheduling, and high operating costs were voiced to the Committee, especially regarding the Canadian segments of these services. It seems obvious to the Committee that if VIA could upgrade these services it would have access to a large pool of potential customers, both Canadians and Americans, who wish to travel between the two

[1] Senate of Canada, Proceedings of the Standing Senate Committee on Transport and Communications, 29 May 1984, Issue No. 11, p.11:21.

countries. Any improvements in this direction would enhance VIA's profile and credibility and expand its passenger markets.

One other item which VIA may wish to take note of is Amtrak's desire to initiate a passenger rail service linking Minneapolis with Winnipeg. Amtrak would like to operate one train from Minneapolis to the Canadian border, connecting there with a VIA train from Winnipeg. The Committee is of the opinion that if VIA could implement such a service it would gain access to the mid-western U.S. markets. It suggests that VIA conduct the appropriate studies and market analysis.

25. The Committee recommends that, in consultation with Amtrak, VIA Rail actively undertake studies to improve and expand rail links and/or joint services between Canada and the United States.

RESTORATION OF PASSENGER TRAIN SERVICES

As was noted in the Committee's first interim report, through the implementation of Order in Council P.C. 1981-2171 dated 6 August 1981, 20% of VIA Rail's passenger routes were eliminated. These reductions and abandonments, which were referred to by the Minister of Transport as a "rationalization" of passenger rail services, involved the elimination of some important train services.[1] The legal basis of the Order in Council used is found in section 64(1) of the *National Transportation Act*, which allows the Governor in Council to vary, at any time, any order or decision of the CTC. This Order "varied" (i.e., it ended some train services) a number of CTC decisions between 1976 and 1981 regarding the provision and frequency of passenger train service on various routes. By using an Order in Council to reduce and abandon services, the Government avoided public hearings or inquiries by the CTC. If the normal procedure had been followed in applications for abandonments or service reductions in accordance with section 260 of the *Railway Act*, the CTC would have considered all matters that, in its opinion, are relevant to the public interest in determining whether or not a service should be eliminated. This was not done, and the Committee registered its displeasure with the Government's use of Section 64(1) in these instances to by-pass the CTC. It recommended that the application of this section be restricted by amendments to other sections of the *National Transportation Act* to ensure that reductions in passenger services come under full scrutiny of the CTC or Parliament. The Committee still believes that regardless of the legality of what was done in these instances, consideration of the public interest is a vital element in determining whether or not a rail service should be abandoned and must be considered by the CTC in its public hearing process.

During the current hearings the Committee again heard testimony concerning some of the services that were discontinued under the 1981 Order in Council. Specifically, testimony from witnesses called for the restoration of passenger train services on: the Edmonton-Jasper-Vancouver route in Western Canada; the Montreal-Mont-Laurier route in Central Canada; and the Nova Scotia-southern New Brunswick-Eastern Townships-Central Canada direct route ("The Atlantic Ltd.") linking Atlantic Canada and Central Canada. In the case of the western route, the Committee is pleased to note that the Minister of Transport has recently announced that VIA Rail will extend service from Edmonton to Vancouver via Jasper beginning in the fall of 1985 on a five-year trial basis. However, no mention has been made yet regarding the other two services.

The Committee is still of the opinion that restoration of services in these other regions should have merited more serious consideration, especially in view of the fact that their abandonment was not subject to the public hearing process of the CTC. There was no official forum for supporters of these services to voice arguments for retention. In the case of the Montreal-Mont-Laurier rail line, which runs north from Montreal to Mont-Laurier for approximately 160 miles, testimony showed that the region once served by a passenger railway is a centre for tourism and growing manufacturing activities (e.g., General Motors at Ste-Thérèse and Bell Helicopter at Mirabel) as well as being a satellite region of Montreal and requires an efficient mix of transportation services to attain its true potential. With the bus being the only public transport available, the region is subject to a monopoly situation. For these reasons, the Committee believes that every consideration should be given to the restoration of this line, with connections to Amtrak in Montreal. This important industrial and tourist region would then be linked to the northeastern United States.

The restoration of train service between Central and Atlantic Canada on the most direct route is of concern to the Committee. This service, commonly called the "Atlantic", linked Nova Scotia and southern New Brunswick through the State of Maine to the Eastern Townships and Central Canada. This route was dropped in favour of the more circuitous route served by the "Ocean Limited" which links Atlantic Canada and Central Canada via the St. Lawrence Valley and the north shore of New Brunswick. Strong representations have been made to the Committee by concerned civic, municipal and other organizations, in addition to hundreds of appeals from individuals, for the restoration of the "Atlantic". In conjunction with these interventions, a number of convincing arguments were made before the Committee by the Coalition for Improved Rail Passenger Service (€IRPS) for the restoration of the service.[1] These included:

— a reduction in the distance travelled between Central Canada and the Maritimes (e.g., a passenger travelling from Fredericton to Montreal travels 752 kilometres by the direct Atlantic route versus 1,295 kilometres by the Ocean Limited route — a savings of 543 kilometres);

— a reduction in the number of delays that are now encountered on the Ocean Limited because of the long trains used on this route which result in longer station stops and failure to make scheduled connections at Moncton;

[1] Senate of Canada, Interim Report on Passenger Rail Service provided by VIA Rail Canada Inc., 6 July 1982, p. 3.

[1] Senate of Canada, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 7, (Reprint) 9 May 1984, p. 7:21-7:29.

— an end to the inconvenience experienced by passengers who are put on stand-by lists and/or who cannot always book sleeping accommodation on the Ocean Limited;
— an end to the higher fares passengers from southern New Brunswick have to pay because of the longer distances on the Ocean Limited's route;
— the provision of VIA Rail service to Sherbrooke, Quebec, which is one of the few locations of its size in Canada without rail or regular air service; and
— the development of a considerable tourist market by linking the State of Maine with direct service to Central and Atlantic Canada.

For these reasons and to end the extreme hardships that have been experienced by people in the Maritimes because of the loss of the direct train through southern New Brunswick, CIRPS has urged the restoration of the "Atlantic" at the earliest possible time. It suggests that a restructured service be established, with the Ocean Limited operating from Montreal to Halifax on its St. Lawrence Valley-North Shore route and with the "Atlantic" providing direct service from Montreal through Sherbrooke, Quebec, to southern New Brunswick to Halifax. The Ocean and Atlantic could run as one train between Moncton and Halifax.

In conjunction with its study and proposals for restoration of the Atlantic service, CIRPS undertook an exhaustive costing analysis of its plan.[1] It suggests that no greater subsidy would be required to operate both the Atlantic service and the Ocean service than is now needed. This is due to the fact that first, ridership would increase and second, that costs would be lower on the shorter Atlantic route. In its testimony before the Committee, CIRPS noted that its costing analysis had been under study by VIA Rail and the Department of Transport and that it had received confirmation from the Department that its analysis was highly accurate and that the proposal could work.[2]

CIRPS viewed the abandonment of the "Atlantic" in 1981 and the attempt to link Central and Atlantic Canada with one train as an experiment that did not work. It stated that acceptance of its proposal is consistent with Department of Transport policy that VIA Rail "has to service the transportation needs in Atlantic and Western Canada" and that "there is every reason to restore service if a review finds demand has increased or that the communities have suffered as a result of lost service".[1] It is the opinion of the Committee that these policy criteria have been met and that the public interest would best be served if the "Atlantic" were to be restored without further lengthy reviews.

26. The Committee recommends that the Atlantic Limited linking Central Canada through Sherbrooke, Quebec, and southern New Brunswick to Halifax be restored immediately.

CONCLUSION

While the Committee requires some additional time to complete its investigations into the questions of costing, subsidies and provision of regional rail services and to make a final report, it is of the opinion that it has sufficient information to conclude that the Government has not given to VIA Rail enough power and control over its operations to fulfill adequately its responsibilities. Basically, this is because the Government has not clearly defined its commitment to rail passenger services. As a result, and as is evident throughout this report, the Committee believes that VIA Rail must have the necessary authority to meet its responsibilities and therefore strongly recommends that VIA be given the requisite legal powers to do so. Implementing many of these recommendations will require the enactment of legislation. The Committee does not believe that any further delays in providing VIA with its own Act should be tolerated, and to do so will only aggravate VIA's problems.

Returning to the title of this report, the Committee is convinced that passenger rail transport will be on the right track if the Government defines its commitment and if the recommendations of the Committee are implemented without any delay. In making these recommendations the Committee is of the firm conviction that it is fulfilling its Senate role as the representative of the various regional interests of all Canadians and believes that it is essential for the national interest that Canadians have at their disposal, an efficient passenger rail system from coast to coast.

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[1] *Ibid.*, pp. 7A:25-7A:40.
[2] *Ibid.*, pp. 7:24-7:25.

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[1] *Ibid.*, p. 7A:21.

Appendix I

Issue	Date	Witnesses
1	84-01-18 84-02-01 84-02-21	The Honourable Lloyd Axworthy, Minister of Transport. *VIA Rail Canada Inc.:* Mr. Pierre Franche, President and Chief Executive Officer; Mr. R. J. Guiney, Vice-President, Operations.
2	84-02-23	*Department of Transport:* Mr. Nick Mulder, Administrator, Canadian Surface Transportation Administration; Mr. Robert Tittley, Director General, Rail Passenger Services. *VIA Rail Canada Inc.:* Mr. R. J. Guiney, Vice-President, Operations.
3	84-03-13	*C.P. Rail:* Mr. H. C. Wendlandt, Senior Solicitor; Mr. S. McFadzean, Director, Grain and Passenger Service. *C.N. Rail:* Mr. J. H. Easton, General Manager, CN Rail.
4	84-03-20	*Tourism Industry Association of Canada:* Mr. Garth C. Campbell, President and Chief Executive.
5	84-04-02	*"National Railroad Passenger Corporation" (Amtrak):* (Chicago, Illinois) Mr. R. J. Preski, Sr., General Mechanical, Superintendent — West.
	84-04-03	(Beech Grove, Indianapolis) M. W. A. Barrick, General Manager; Mr. M. L. Berryhill, Production Manager; Mrs. K. J. Burks, Rules & Safety Officer.
	84-04-04 84-04-05	(Washington, D.C.) Mr. Graham Claytor, President; Mr. James H. English, Vice-President, Governmental Affairs; Mr. Jim Barber, Director, Intergovernmental Affairs; Mr. Robert Gall, Vice-President, Marketing; Mr. Jim Callery, Vice-President, Sales; Mr. Thomas P. Hackney, Executive Vice-President, Operations; Mr. W. Gallagher, Director, Planning; Mr. James Larson, Assistant Vice-President, Contract Administration; Mr. Dennis Sullivan, Vice-President, Chief Engineer; Mr. Joseph Crawford, Chief, Mechanical and Maintenance; Mr. Robert Vanderclute, General Manager West/Headquarters.
	84-04-06	(New York) Mr. E. V. Walker, III, P.E., Engineer, Right of Way Improvements; Mr. Tom Kane, General Supervisor; Mr. F. Scott, Chief of Operations.
	84-04-27	(Mobile, Alabama) Mr. Wilfred Leatherwood, Manager, State & Local Services; Mr. Thomas P. Hackney, Executive Vice-President and Chief Operations Officer, Amtrak; Ms. Diane Elliot, Director, Corporate Communications; Mr. Robert Gall, Vice-President, Marketing.
6	84-05-08	*Canadian Motor Coach Association:* Mr. J. Kearns, President (Grey Coach); Mr. Paul McElligott, Vice-President, (Voyageur); Mr. Brian Stewart, (Ontario Motor Coach); Mr. M. Pelletier, Vice-President — Transport Québec (Voyageur); Mr. G. Thompson, Vice-President, (Acadian Lines Ltd); Mr. D. Carmichael, Vice-President, Transportation (Voyageur Colonial Ltée.).

Issue	Date	Witnesses
		Transport 2000: Mr. Guy Chartrand, National President; Mr. N. Vincent, Executive Director; Mr. David L. Jeanes, Member, Ottawa Region.
7	84-05-09	*Travel Industry Association of Alberta:* Mr. Walter Urquhart, President; Mr. Douglas McPhee, Transportation, Jasper Chamber of Commerce; Mr. Fred McMullan, Policy Analyst, Government of Alberta.
		Coalition for Improved Rail Passenger Service: Mr. J. D. Devine, Principal Spokesman; Mr. D. Fitzpatrick, Spokesman; Mr. J. Cook, Spokesman; Mr. Ralph Annis, Mayor, Village of McAdams.
8	84-05-15	*Canadian Brotherhood of Railway, Transport and General Workers:* Mr. Ken Cameron, Local Chairman 335; Mr. G. Cheltenham, Chairman; Mr. A. Ramesa, Former Union Guard.
		Chamber of Commerce of St-Jérôme: Mr. Claude Ducharme, Director General, Regional Development Council of the Laurentides.
9	84-05-16	Mr. D. Fullerton.
		Canadian Transport Commission: Mr. J. Heads, Executive Director; Mr. M. D. Parry, Assistant Director, Rail Service Analysis.
10	84-05-29	Mrs. Alexandra Emanuela Halchini, Engineer, Specialist in Rail Organization and Exploitation; Mr. Maurice Dupras, M.P., Labelle Constituency.
11	84-05-29	*VIA Rail Canada Inc.:* Mr. H. A. Renouf, Chairman; Mr. Pierre Franche, President and Chief Executive Officer; Mr. G. Fortin, Vice-President — Corporate Affairs, and Secretary; Mr. R. G. Guiney, Vice-President — Operations.

THE SENATE

Wednesday, June 27, 1984

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

Prayers.

VISITORS IN GALLERY

COMMONWEALTH PARLIAMENTARY ASSOCIATION—
DELEGATION FROM TRINIDAD AND TOBAGO

Hon. Gildas L. Molgat: Honourable senators, before we proceed to the afternoon's business, I should like to call to your attention the presence in the gallery of a distinguished delegation from Trinidad and Tobago. The delegation is visiting Canada with the Commonwealth Parliamentary Association and is under the leadership of Senator Alert. The delegation is composed of, as is normal in the Commonwealth Parliamentary Association, members of all parties and members of both houses. The Trinidad and Tobago group a year and some months ago received a Canadian delegation, members of which were two of our distinguished colleagues, Senators Donahoe and Bonnell.

On behalf of all honourable senators I should like to bid welcome to the delegation from our sister Commonwealth country, Trinidad and Tobago.

Hon. Senators: Hear, hear.

OFFICIAL LANGUAGES

REPORT OF OFFICE OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Office of the Commissioner of Official Languages, for the period July 1983 to March 1984, pursuant to section 72 of the Privacy Act.

RADIATION EMITTING DEVICES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-5, to amend the Radiation Emitting Devices Act.

Bill read first time

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

CUSTOMS TARIFF

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-7, to amend the Customs Tariff.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

SPECIAL IMPORT MEASURES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-8, respecting the imposition of anti-dumping and countervailing duties, to amend the Currency and Exchange Act, the Customs Tariff and the Export and Import Permits Act and to repeal the Anti-dumping Act.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

WESTERN ARCTIC (INUVIALUIT) CLAIMS SETTLEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-49, to approve, give effect to and declare valid the Agreement between the Committee for Original Peoples' Entitlement, representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada and to amend the National Parks Act in consequence thereof.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

CANADIAN SECURITY INTELLIGENCE SERVICE BILL

REPORT OF COMMITTEE

Hon. Joan Neiman, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, June 27, 1984

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTEENTH REPORT

Your committee to which was referred Bill C-9, intitled: "An Act to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto", has, in obedience to the order of reference of Tuesday, June 26, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOAN NEIMAN
Chairman

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

Hon. Philippe Deane Gigantès: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

[*English*]

NATIONAL HOUSING ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Wednesday, June 27, 1984

The Standing Senate Committee on Social Affairs, Science and Technology presents its

FOURTH REPORT

Your Committee to which was referred Bill C-37, intituled: "An Act to amend the National Housing Act", has in obedience to its Order of Reference of Tuesday, June 26, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL
Chairman

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

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

• (1410)

OLD AGE SECURITY ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Wednesday, June 27, 1984

The Standing Senate Committee on Social Affairs, Science and Technology presents its

FIFTH REPORT

Your Committee to which was referred Bill C-40, intituled: "An Act to amend the Old Age Security Act", has in obedience to its Order of Reference of Tuesday, June 26, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL
Chairman

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

Hon. Peter Bosa moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SIXTH REPORT OF STANDING SENATE COMMITTEE PRESENTED

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Wednesday, June 27, 1984

The Standing Senate Committee on Social Affairs, Science and Technology presents its

SIXTH REPORT

Your Committee, pursuant to Rule 84, presents the following report on special expenses incurred during the Second Session of the Thirty-Second Parliament by the Standing Senate Committee on Social Affairs, Science and Technology, which was authorized by the Senate on Tuesday March 20, 1984 to incur special expenses with respect to its inquiry into the Canada Health Act:

Professional and Special Services	$59.90

Respectfully submitted,

M. LORNE BONNELL
Chairman

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FOURTH AND TWENTY-FIFTH REPORTS OF COMMITTEE TABLED

Hon. Charles McElman, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's twenty-fourth and twenty-fifth reports approving budgets of the following committees:

Social Affairs, Science and Technology; and

Official Languages Policy and Programs

(*For text of reports see today's* Minutes of the Proceedings of the Senate.)

THE SENATE

COMMITTEES AUTHORIZED TO PUBLISH AND DISTRIBUTE REPORTS DURING ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

In the event of an adjournment of the Senate which exceeds a week, the following Senate Committees be authorized to publish and distribute their reports with respect to their orders of reference as soon as the reports become available, namely,

(a) The Standing Senate Committee on Foreign Affairs with respect to its Order of Reference dated 19th January, 1984, relating to its examination of Canadian relations with countries of the Middle East and North Africa;

(b) The Special Committee of the Senate on National Defence, with respect to its Order of Reference dated 17th January, 1984, relating to matters of national defence;

(c) The Standing Senate Committee on National Finance with respect to its Order of Reference dated 13th March, 1984, relating to its examination of the role of the Federal Government in generating economic development through technological change;

(d) The Standing Senate Committee on Agriculture, Fisheries and Forestry, with respect to its Order of Reference dated 7th February, 1984, relating to its examination of the subject-matter of soil and water conservation throughout Canada.

In the event of a prorogation or a dissolution of Parliament, the Honourable Senators authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate during any period between sessions or between Parliaments be empowered to authorize the publication and distribution of any Report of the above-mentioned committees requiring no further activity by the committee.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the purpose of this motion, with reference to an adjournment of more than one week's duration, is to enable those committees which have been working for some time on reports which have reached a mature stage to continue that work during the adjournment, and, if necessary, to authorize the intersessional committee to approve expenses for those reports.

In the event of prorogation or dissolution of Parliament, of course, all committees are automatically out of business and have no authority to meet. In each such case their budgets lapse. The words "in the event of a prorogation or a dissolution" are added because the only authority that would be given to the intersessional committee would be to authorize expenditures for reports that require no further activity of the committee. For example, if a committee held a series of meetings, completed its report, sent its report to the printer—no further activity being required from the committee—the intersessional committee would be authorized not to allow the report to die at the printers, in effect.

Honourable senators, that is the reason for this motion. The first part of it is quite normal in the sense that it has been done quite often in the past, but I wanted to provide an extra explanation with respect to dissolution or prorogation because there is a more real possibility of such an occurrence this summer than there has been at other times.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to make one observation with respect to the wording "an adjournment of the Senate which exceeds a week." The Senate often adjourns for one or even two weeks. It seems to me that the motion should specify an adjournment of a month. Let us say that the Senate adjourns this Friday until September. That adjournment would be for more than a month and we would then know that it is for that reason that the intersessional committee would be authorized to do what is permitted under this motion.

My second point is with reference to prorogation. We have long given up the practice of proroguing at the beginning of

the summer recess. Now we always prorogue the session on the eve of the beginning of the next session. So I do not think it means anything. Dissolution, of course, raises a problem. The so-called intersessional committee would have the power to authorize committees to publish their reports, but it is doubtful that they would in the event of a dissolution. No one would complain because eventually we could ratify the decision; in fact, decisions of the intersessional committee have been endorsed when a new Parliament has convened following an election. Prorogation means nothing much, and dissolution is rather doubtful legally. However, with those remarks, I will not mind the motion's being adopted, but the next time that we are sitting on the government benches maybe we will draft it in a better way.

• (1420)

Senator Frith: Honourable senators, I agree with the "maybe".

Hon. Duff Roblin (Deputy Leader of the Opposition): Before the debate on this motion is concluded, I should like to say that I share some of the apprehensions of my leader as to what should happen after dissolution. It seems to me a rather questionable proposition that the intersessional committee should be acting in that interval, even though I have been told it is a precedent that has been accepted. It seems to me that to give authority to publish and distribute raises some questions. Customarily, reports are submitted to the Senate first, or at the same time as they are published, and I am old-fashioned enough to think that is a good idea. But even if I am wrong and it is decided that they should be distributed after the period of dissolution, what happens to the public relations, to the information content of those reports? In my opinion, it is not good enough simply to slap the thing on the table some place and say, "This is it." We usually have press conferences; we have a discussion, and committee members are asked to say something about a particular report. People who are not on the committee sometimes say something, either favourable or unfavourable, about it.

There is another process that surrounds these reports once they are released to the public. That has to do with the distribution and transmission of the information. The real purpose of the exercise is to provide leadership, or a set of facts, or an opinion, or education—whatever you want to call it—for those of the general public who are interested in the question at issue. It seems to me that to allow these documents to be published after dissolution, when there is no real opportunity—for a certain period of time, at any rate—to undertake any of these other activities is a doubtful move. While I am not prepared to oppose the motion at the present time, I hope that the intersessional committee will take those factors into account; and if a committee chairman wants to submit a report to the public after dissolution, then some arrangements should be made to overcome the particular problem to which I have referred.

Senator Frith: On a point of order. This is a substantive motion. Therefore, if I speak, I will be closing the debate—

Senator Flynn: You are simply replying to a question. You are not closing the debate. We will even give you an opportunity to speak later.

Senator Frith: I thank the honourable senator. Since this motion results from a request by the chairmen of the committees, perhaps they wish to speak before I close the debate. It is also subject to the caveat that the intersessional committee should bear in mind the comments made by honourable senators.

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

Hon. Senators: Agreed.

Senator Roblin: Without enthusiasm.

Motion agreed to.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO TRAVEL FROM PLACE TO PLACE IN CANADA

Hon. George van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Foreign Affairs , which was authorized by the Senate on January 19, 1984, to examine and report upon Canadian relations with countries of the Middle East and North Africa, be empowered to travel from place to place in Canada for the purpose of such examination.

He said: Honourable senators, this motion is worded in the usual fashion but is designed for one purpose only. Because of the illness of one committee member, and for the convenience of a majority of members, we are seeking authority to meet in a city other than Ottawa for the purpose of concluding the work of our report *in camera*.

Motion agreed to.

ABORIGINAL ISSUES

SPECIAL SENATE COMMITTEE—APPOINTMENT OF MEMBERS—NOTICE OF MOTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That Rule 66(1)(b) be suspended in relation to the nomination of Senators to serve on the Special Committee of the Senate on Aboriginal Issues; and
>
> That the following Senators be appointed to act on the said Special Committee, namely, the Honourable Senators Adams, Bielish, Gigantès, Kirby, Marsden, Steuart and Watt.

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

Hon. David Walker: Honourable senators, we have great problems on this matter and we are not ready to go ahead.

Senator Frith: Then, honourable senators, I give notice that I will move this motion at the next sitting of the Senate.

[*Translation*]

BUSINESS OF THE SENATE

THE LEGISLATIVE DOCKET

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government.

I believe that, pursuant to its Standing Orders, the House of Commons must adjourn for the summer recess this coming Friday at 5 p.m. until approximately September 10. Yet, we are receiving from the other place a great many bills which were hastily passed and which, in turn, we must pass with similar haste. In the interest of all honourable senators, could the deputy leader indicate to us just how many bills we are expected to deal with by the time the House of Commons adjourns for the summer on Friday? At this rate, the Senate might have to sit next week. I understand that, because of its Standing Orders, the House of Commons may not sit past this Friday, but nevertheless its members may be invited by their Speaker to return for the Royal Assent.

I think a number of senators would like to know how things stand and what is likely to happen between now and next Friday at 5 p.m.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will understand that I cannot speak for the house leaders of the other place.

Senator Flynn: You can speak for at least one of them.

Senator Frith: I can speak for one of them but not on this subject because, according to our rules, as of tonight any legislation that comes to us will require leave to be dealt with this week. However, I have been making inquiries and, if I can use the metaphor, the legislative sands of the other place are shifting almost from moment to moment, because there is no time left under their rules for time allocation, so everything has to be done by negotiation and consent.

• (1430)

Bills C-5, C-7, C-8 and C-49 were passed yesterday in the House of Commons. They are now on our Order Paper to be dealt with later this day. The latest information I have is that the House of Commons expects to deal with Bill C-33, to amend the Western Grain Stabilization Act, and Bill C-34, to amend the Canada Labour Code and the Financial Administration Act.

On Thursday, members of the other place hope to reach agreement on Bill C-32, to establish the Canadian Institute for International Peace and Security; Bill C-43, respecting the Canada-Nova Scotia Agreement on Offshore Oil and Gas Resource Management and Revenue Sharing; and Bill C-30, to amend the Bank Act, increasing from 8 per cent to 16 per cent the share of the banking business available to foreign banks.

[Senator Walker.]

Today or tomorrow members of the other place hope to pass Bill C-36, to amend the Interest Act. It is a companion to Bill C-37, to amend the Housing Act. That bill is on the Order Paper for tomorrow at the third reading stage.

That is all the information I have. However, as Senator Flynn implies, my judgment is that we will have to sit Friday.

Senator Flynn: And next week?

Senator Frith: I think we will have to decide on Thursday or Friday whether it will be necessary to sit next week. Since everything requires consent from this point on, it is up to—

Hon. Martial Asselin: Do you think we will receive the legislation with respect to the Labour Code?

Senator Frith: I can only say that members of the other place are hoping that the Canada Labour Code legislation will be dealt with today.

Senator Asselin: How about in the Senate?

Senator Frith: We will have to see. That is a bridge we will cross when we come to it. As I said, everything from this point on requires consent.

Senator Asselin: So we are coming back next week?

Hon. D. G. Steuart: It is in your hands.

Senator Flynn: Unless the new Prime Minister dissolves Parliament in the interim.

Senator Frith: That is possible, too.

Senator Steuart: They might dissolve you, too.

Senator Flynn: I doubt whether he will have that power; but he could put you in your place very easily.

QUESTION PERIOD

[*English*]

CANADA POST CORPORATION

PROPOSED COMMEMORATIVE STAMP TO HONOUR SHELDON LUCK

Hon. Paul Lucier: Honourable senators, I have a question for the Minister of State for Social Development. Mr. Sheldon Luck, who has been a professional pilot for many years, is being honoured in British Columbia for an historic flight he made on September 5, 1935. Among his many accomplishments, Mr. Luck flew a single-engine Puss-Moth across the Rocky Mountains at night, if you can believe it. It was the first night flight ever across the Rockies by a pilot in a single-engine aircraft. It was quite an achievement.

Mr. Luck was the first chief pilot for CP Air. He is a member of the Aviation Hall of Fame. He received a commendation from King George VI in 1943 for his services with the Transport Ferry Command. He is a famous person in the north and in British Columbia. Many people from those

regions have asked that a commemorative stamp be struck on September 5 of this year to honour his feats.

I should like to know whether the minister will undertake to pursue this issue with the ministers responsible in Cabinet to ascertain whether a stamp could be issued to honour Mr. Luck's achievements.

Hon. Jack Austin (Minister of State for Social Development): Senator Lucier, I think you have made an excellent case for a large commemorative stamp. I shall undertake to make the appropriate representations and, with your co-operation and assistance, perhaps we can get something done in time.

BUSINESS OF THE SENATE

ITEMS ON THE ORDER PAPER

Hon. John M. Godfrey: Honourable senators, I have a question for the Deputy Leader of the Government, following upon a question that I asked and he replied to yesterday. At that time he said:

> With regard to the human rights aspect, I am hoping to have something to say about that after conferring with the authorities who are interested and with the cabinet.

My question is whether the deputy leader now remembers that I spoke on this subject for an hour and a half on February 9 and 10 of 1983, and in that speech I referred to the decision reputed to have been made by Mr. Chrétien, who was then the Minister of Justice. Senator Perrault and I called on Mr. Chrétien and he told us that he had never even heard of the matter. It transpired that some civil servant in his department, without consulting him, had made the unilateral decision as to how the Senate was to conduct its business.

In my speech on March 13 of this year, I pointed out that I had received a letter from Mr. MacGuigan back in June 1983. I pointed out where Mr. MacGuigan was wrong in each argument that he used. I would say to the deputy leader, therefore, that this matter has already been considered by two Ministers of Justice.

Also yesterday, Senator Frith said:

> On the third one, which is not as long standing as the other two, immediately after it was raised I asked for a response, particularly from the Department of Agriculture which, I think, among others inspired that concern, but I have not yet received a reply.

This matter had originally been raised in a report of the Standing Joint Committee on Regulations and other Statutory Instruments of July 17, 1980, which was a general report. That is nearly four years ago. I originally spoke on this particular motion on April 1, 1983. Senator Frith spoke on the matter on April 26, 1983, and indicated that some action along this line was possibly about to be taken by the government, and for that reason he did not want to do anything at that particular time but would rather wait for the government's action.

It is now a year and three months since that time and, as yet, nothing has happened. I again spoke on the matter on March 13, 1984. I thought that today I would just refresh my friend's memory on that matter.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the first point made by Senator Godfrey, yes, I remember that. On the second point, I found that I was in error. I was thinking of the question of those *ultra vires* regulations with regard to the Department of Agriculture, so I wrongly identified the matter. With respect to that item, I would say to the honourable senator that I do remember his speech on that point.

REQUEST FOR ANSWERS

Hon. Duff Roblin (Deputy Leader of the Opposition): The Leader of the Government in the Senate made reference the other day to unanswered questions. I would remind him that I am awaiting answers to five questions: one to Senator Austin on December 19, 1983; another one to the same gentleman on January 17, 1984; and another one to the same gentleman on May 10, 1984.

I am also awaiting an answer to a question posed to the Deputy Leader of the Government on February 2, 1984, and another question to the Minister of State for the Canadian Wheat Board asked on February 14, 1984. If my honourable friend would be kind enough to look up those dates, I would be glad to receive answers to those questions before we adjourn for the summer.

CANADIAN SECURITY INTELLIGENCE SERVICE BILL

THIRD READING

Hon. Philippe Deane Gigantès moved the third reading of Bill C-9, to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto.

Hon. David Walker: Honourable senators, Senator Kelly, a relatively new senator, made a great contribution to the debate on this matter. His speech of yesterday on Bill C-9 has added to his already great reputation. I recently heard him speak in Toronto before a large crowd which packed the main dining room of the Royal York Hotel. When he concluded that speech, he was so convincing that Bill C-9 should not in any circumstance be passed that he received a standing ovation. It has been years since I have seen anyone receive a standing ovation in that room.

● (1440)

Why we are being pressed to pass this bill is beyond me. The whole matter concerning the involvement of the Royal Canadian Mounted Police has been carefully investigated and no evidence whatever was found other than that certain members

of the force, in their over-enthusiasm, occasionally became too rough. However, honourable senators, that was at a time of great crisis in Canada, during 1970 when James Cross was kidnapped and when it appeared we had a revolution on our hands. The members of the force were a little rough at that time, perhaps too rough, but only a few members of the force were involved.

Very notable people investigated that matter for the government and found that there was no evil intent whatever in any actions taken by the members of the Royal Canadian Mounted Police. Trouble such as the RCMP had 14 years ago happens in the best run organizations and in the best run police forces.

I am participating in this debate because from 1931 to 1935 I was counsel for the Royal Canadian Mounted Police. I really became aware of their reputation, the type of people they were, what their commanding officers were like, and how fair they were in every case. They were almost too fair at times, making it difficult to prosecute for them. I feel that we should not pass this bill at the present time or at any time in the future unless there is a need for it, and there is not any need whatever for it at the present time.

It is now 110 years since the force was formed, and the force is associated with Canada all over the world. If one goes to England, one is asked how the members of the RCMP are getting on. Whenever members of the force go over there, huge crowds turn out to see them and to honour them. They are the best in Canadian history; the best in Canadian conduct; and the best in all those things we look up to and honour.

I may be prejudiced because I did act as their counsel for some years, as I said, but I think I am joined by almost everyone else I have talked to when I say that I am at a complete loss to know why this bill should be passed at this time, because there are no facts which warrant our doing so.

Canada and the Royal Canadian Mounted Police are really one and the same in what they represent. This bill will completely destroy the RCMP as a great force in Canada. I ask you if, on this paucity of evidence, this scarcity of evidence, scarcity of reason, you are willing to pass this legislation.

As honourable senators are aware, the provincial attorneys general are very much against this bill.

What does this bill do? As set out at page 792 of *Debates of the Senate*, there is to be a director of an agency who will control the RCMP. He is to be appointed by the Cabinet. That is going to be a political appointment. Can you imagine anything worse than that? The force is to be operated under the control of the deputy minister—more political control because the deputy minister is responsible to the minister. The Inspector General is to be appointed by the Cabinet, another political appointment.

The whole matter, when weighed, shows that this will lead to the disappearance of the famous, independent, marvellously organized, marvellously working force which has done much to make Canada so great.

[Senator Walker.]

To compare the RCMP with the system in the United States is futile. They have no such force in the United States, but wish they had. It is also foolish to compare it with the CIA, because the CIA is an independent body working without the advantages the RCMP has. In other words, no one has shown us any evidence why the RCMP should not carry out its duties as it has done in the past. No one has shown us any reason for this hammer legislation to correct what really amounts to small incidents which could happen no matter how perfect the machinery of any organization might be. I ask you in the greatest of goodwill, thinking of Canada, can you let this thing go by? Why should it be passed at the present time? What reason is there for it? Are we not disgracing ourselves and lowering ourselves at this time by taking unfair advantage of the members of the Royal Canadian Mounted Police, a force not used to dealing with politicians and which has done the best it could since 1971 when this came to light? They have done the best they could and have restored their great name. Let's get rid of this bill!

Hon. Nathan Nurgitz: Honourable senators, I have a few brief comments to make on this matter without taking away from either the comments of my colleague, Senator Kelly, which I have had an opportunity to read, or what Senator Walker has just said. I should like to deal with a couple of items in the legislation that are of particular concern.

As Senator Gigantès said in introducing the bill, this is a matter of national importance and not one which ought to be the subject of partisan politics. For that reason I have no hesitation in standing here today dealing with several items in the bill in a brief manner, because those matters I will deal with have already been before a Senate committee and have been unanimously accepted by the Senate. When I say "unanimously accepted," one must conclude that the government side, which had a few more members on the committee than did the opposition, also endorsed it. I am speaking to honourable senators who have already endorsed this matter. At the conclusion of my brief comments, I will move several amendments in one motion. I should now like to make a few comments on clauses 2 and 12.

● (1450)

There is some concern about the definition section in clause 2 in that it is so broad, and one would have hoped, as Senator Flynn moved in committee, that there might have been an insertion indicating that the reference ought to be:

> against or detrimental to the military safety of Canada or activities directed.

Dealing with clause 12, a matter of even greater concern to me is that the words "strictly necessary for the purpose of protecting the security of Canada" are not included.

The question that both the McDonald commission and the Mackenzie commission, ten years earlier, and then the special Senate committee chaired by Senator Pitfield, had to consider was attempting to narrow the scope so that you zero in on those activities that have to be considered because of the security of the country, and that you do not with that same

brush wipe out some people engaged in activities that some of us may not like but that do not affect the security of the country, whether it be the protesters against nuclear armaments, at present camped on Parliament Hill, or others. Much has been said to the effect that this kind of legislation must be clear and limiting. I believe this is an attack on those words in clause 2, in the definition section, which refer to "detrimental to the interests of Canada" as being far too broad.

The Attorney General of Saskatchewan, in a brief presented to the House of Commons committee, said the following:

> The phrase "detrimental to the interests of Canada" is wide enough to include economic espionage and any other espionage that could be construed as detrimental to our interests and should be limited to the "national security interests of Canada". The offensive aspect of economic espionage should be dealt with by the criminal law.

I could not agree more with that statement.

Dealing specifically with the matter that I raised, that there ought to be reference in the bill to the words "strictly necessary for the purpose of protecting the security of Canada," the position taken by my party is that the service's collection of information and intelligence should be limited to that which is strictly necessary for the purpose of protecting the security of Canada.

The McDonald commission had the best array of talent before it and looked at many aspects of this troubling problem. It concluded, and I am referring to a recommendation at page 443 of the report, as follows:

> WE RECOMMEND THAT the legislation establishing Canada's security intelligence agency contain a clause indicating that the agency's work should be limited to what is strictly necessary for the purpose of protecting the security of Canada—

It did not say that in some way wording should be found. The McDonald commission said that those words ought to be in a clause in a bill establishing an agency.

Those of us who sat on the special Senate committee last summer dealing with Bill C-157, the forerunner of C-9, endorsed that commission report recommending in a very serious way that that was mandatory to any legislation. I should like to refer you to page 12 of the report of the Special Senate Committee on a Canadian Security Intelligence Service. That recommendation received the unanimous approval of all members of the committee. Recommendation 30 stated that adding those words:

> —would, we believe, have a salutary effect on its interpretation. The recommendation in that Report also went on—

It is referring to the McDonald commission report.

> to include words which are found in s. 14(3) of the Bill. The Committee is of the opinion that this formulation is also useful, but that it should be expressed affirmatively, and within the definition of security threats, as discussed below.

Recommendation 31 stated:

> This, then, brings us back to the question of mandate. Section 2 contains the definition of "threats to the security of Canada". One cannot overstate the importance of this definition. It constitutes the basic limit on the agency's freedom of action. It will establish for the CSIS, its Director, and employees the fundamental standard for their activities. It will enter crucially into judicial determination of whether a particular intrusive investigative technique can be used. And it will provide a benchmark for assessment of agency activities by review bodies, and by the agency's political masters. It will not, however, create a crime or crimes.

Our Senate committee approved that without hesitation and without alteration.

Dealing now with an amendment proposed by Senator Flynn this morning concerning the review on a permanent basis by a committee of the Senate and the House of Commons of the ongoing operations, this particular proposal has been advanced by the Canadian Civil Liberties Association, the Ottawa-Hull Coalition Against the Security Bill, the Canadian Council of Churches, La Ligue des droits et libertés and by Professor Peter Russel of the University of Toronto. Professor Russel, who endorses the bill generally, is highly critical of having this particular provision in it. If one wants to get partisan for a moment, I should like to read a quote from the House of Commons committee in which it was stated:

> Mr. Chairman, if there is any group of people that is in touch with the general people in Canada and loyal to the general people of Canada, I would say it is Members of Parliament. I think they would be the last to betray the security of the general interests of Canada.

This was said to meet the argument made by the Solicitor General that one cannot have a review committee when it is a question of security matters that you cannot talk about. After discussing what has gone on in recent history, the speaker said:

> I just cannot understand, if we really believe in democracy, why we should disallow an oversight committee, which is allowed in the United States and which was recommended by the McDonald commission. We all know that all sorts of levels of civil servants and exempt staff and everybody else have access to this kind of information. It escapes me; it is completely contrary to all my principles of democracy. I just cannot understand why we cannot have a parliamentary oversight committee.

Hon. Royce Frith (Deputy Leader of the Government): That is a terrible use of the word "oversight;" it should be "overview."

Senator Nurgitz: Those are the words of Warren Allmand. He is not of my party. He was a Solicitor General in the Liberal government, and that was a case advanced by him. I suppose it is a matter of trust, and it is distasteful to me and to others that there seems to be distrust of members of this house and of the House of Commons and because of this we are not to be able to have an overview.

On that very subject, the special Senate committee made the following recommendation:

> *111* One final matter should be dealt with. Because legislation in this area will be of such import, and will introduce into the security intelligence system several entirely new elements, we recommend that a parliamentary committee be empowered to conduct a thorough review of the operation of the legislation after a period, perhaps five years, of experience with it. Such a review would go a considerable way toward ensuring that the legislation is working as Parliament intends it to operate.

Those, honourable senators, are the words of your colleagues, including myself, who sat on the special Senate committee.

● (1500)

Honourable senators, since I understand that Senator Frith may wish to speak on the question of clause 16, I shall leave that matter for now.

Honourable senators, I move, seconded by Senator Kelly:

> That Bill C-9 be not now read a third time but that it be amended:
>
> 1. in clause 2 by striking out lines 32 and 33 at page 2 and substituting therefor:
>
> against or detrimental to the military safety of Canada or activities directed.
>
> 2. in clause 12 by striking out line 3 at page 7 and substituting the following therefor:
>
> strictly necessary for the purpose of protecting the security of Canada, and analyse and retain
>
> 3. a) by deleting clause 16 and renumbering the subsequent clauses accordingly;
>
> b) by striking out of clause 21 the words "or to perform its duties and functions under section 16" in lines 19 and 20 at page 11;
>
> c) by striking out of clause 21 the words "or to perform its duties and functions under section 16" in lines 34 and 35 at page 11.
>
> 4. By adding immediately after line 32 at page 24 the following:
>
> 56. The administration, provisions and operation of this Act shall be reviewed on a permanent basis by a committee of the Senate and House of Commons as may be designated or established by Parliament for that purpose.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Nurgitz, seconded by the Honourable Senator Kelly:

> That Bill C-9 be not now read a third time but that it be amended—

Hon. Senators: Dispense.

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

[Senator Nurgitz.]

Hon. John M. Godfrey: I would point out to Senator Nurgitz that the special Senate committee of which I also was a member was referring to something five years down the road. There was a separate problem as to a house committee which would examine the reports each year. I originally thought that there should be a special committee. It was then pointed out to us that under the new rules of the house, when you made a report to the house, as required by the review committee, an appropriate committee could then consider the report and report on it, and the government would have to respond.

There are two separate questions involved: the review five years down the road, and the year-to-year review.

Senator Nurgitz: Briefly, honourable senators, the idea was to have provision for review of the legislation; it was not to take away from the operation of the review committee. I do not want Senator Godfrey to be mistaken on the matter considered by the special committee last summer when the question was: Ought there to be a review committee or ought there to be a parliamentary committee? When discussing the review committee, we talked about its composition including privy councillors, and that is now included in this bill. I am now referring to a review of the legislation.

Senator Frith: Honourable senators, as was mentioned in committee today and as has been pointed out by Senator Nurgitz, the amendment to clause 2 is an attempt to narrow the mandate of the service. It is based on the position that the mandate as now defined is too wide, and that in general the threats with which we should be concerned are only threats against the military safety of Canada. As Senator Flynn pointed out in committee today, his view is that by simply talking about "against Canada" or "the interests of Canada," the definition is too wide.

The whole question of the scope of the mandate was thoroughly discussed in the special committee chaired by the Honourable Senator Pitfield, and in the committee meeting yesterday the minister reported that all of the recommendations for change made by the special Senate committee which dealt with Bill C-157 were, in fact, made except for three.

In any event, this first amendment goes right to the heart of the mandate of the committee, and it is the government's position that the mandate ought not to be so restricted. A great deal of work has gone into defining the mandate as it is now defined in clause 2, and it ought not to be changed. As Senator Pitfield pointed out today in committee, and on other occasions, it is hoped that we can learn from experience. The legislation will be subject to a five-year review. In the meantime, this is a workable and probably the best definition that we can get and it ought not to be restricted by this amendment.

With reference to the amendment to clause 12, as has been pointed out, Bill C-157 did not have the words "strictly necessary for the purpose of—." That was a recommendation of the McDonald commission. The minister and the government accepted the suggestion of the special Senate committee and added the words "strictly necessary".

There is a connection between the proposed amendments to clause 2 and clause 12 because, of course, if the amendment to clause 2 carries, it will have an effect on clause 12. Again, it is the position of the government that the present definition is the most workable. It has been accomplished by dint of long and hard work.

Senator Nurgitz: Wasn't the work done on Bill C-157 long and hard too?

Senator Frith: Yes, and it is the result of a good deal of parliamentary consideration, and yet everyone is not satisfied. I do not find the position taken and as illustrated by these amendments to be totally unreasonable; it is just a matter of a difference of opinion on the question of how wide the scope of the mandate should be.

Senator Kelly's position is a different one; it is that there should not be such a service but that security should be handled by the RCMP.

Senator Walker: Don't you think that too?

Senator Frith: No, I do not, but I have the same respect for Senators Walker and Kelly as everyone in this chamber has. It is just a disagreement on principle. I do believe the principle of separation established by the McDonald commission and by this bill is a principle that ought to be supported, but that, as they say in vaudeville, is another show.

Clause 16 also involves a reference to the mandate. That clause, in a general description, gives the service the authority not just to deal with threats within Canada but to deal with the question of threats from foreign nations. In committee today and in the special Senate committee chaired by Senator Pitfield, Senator Flynn made a strong case that he feels the mandate is too wide. He feels that, for example, it could include, in a particular case, using intrusive techniques to get information, for example, about some group of foreign buyers coming here to buy wheat.

• (1510)

Let us deal with clause 16 itself. The first question we must ask ourselves is: Should the service's authority include such work? Our position is that it ought to. The next question is: Even if the security service has the power provided under clause 16, should it be able to use intrusive techniques to carry out that work? That is, should clause 16 be left in the bill, and, if it is left in, should it not be subject to warrants? The position of the government is that it is subject to the usual protections, those used in connection with all powers that require or include the use of intrusive techniques; namely, the issuing of a warrant, the approval of a judge in order to do so, and the review procedure—that of the review committee and that of Parliament. Therefore, like other clauses dealing with intrusive techniques, it is well guarded by other provisions of the bill.

With reference to parliamentary review and the amendment proposing the inclusion of a new clause 56 and the renumbering of the ensuing clauses, I will say that the difference between clauses 56 and 53 is simply a matter of method and scope. In other words, the proposed section 56 does not create, for the first time in the bill, the principle of parliamentary review. That principle is already contained in the bill by the requirement for the tabling of the report of the review committee each year before each house of Parliament. In essence, the proposed amendment stipulates that there should be a permanent joint committee dealing solely with such matters. As it now stands, according to the rules of the other place, every report is automatically referred to the relevant committee.

Hon. Martial Asselin: Not here.

Senator Frith: Not here; one at a time.

Therefore, the reports will be referred to the appropriate committee in the other place. The reports must be tabled here as well and the Senate can, in the same way, refer them to the appropriate Senate committee.

Senator Asselin: What is the guarantee?

Senator Frith: There is no guarantee.

Senator Asselin: There is no guarantee at all.

Senator Frith: I think there is a sufficient guarantee. I cannot imagine any honourable senator not making a good case for the referral of a report to a particular committee. There has never been difficulty in the Senate, since I first came here, in acceding to such a request. There is no reason why honourable senators would refuse such a request in the future, in my view.

Senator Nurgitz: Senator Frith seems to be missing the point. It is an after-the-fact review as opposed to an ongoing review.

Senator Frith: Yes, quite; but the question is not whether there is or is not parliamentary review. The proposed clause 56 suggests a parliamentary review that is virtually the equivalent of that of the review committee. Honourable senators will remember that last summer the Senate committee working on Bill C-157 dealt with this suggestion, and recommended against a permanent parliamentary committee. Clause 53 is the expression of the government's position as to the need for parliamentary review. In light of all of the other review mechanisms, the point is that what is provided in clause 53 is adequate.

Therefore, for the reasons I have given, I ask honourable senators to vote against these amendments.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to comment briefly on the amendment introduced by Senator Nurgitz. Later on, when we come back to the main motion, I may add a few comments about the bill.

First, I would like to suggest that the amendment we are proposing to insert in clause 56 involves much more than the examination of reports, which Senator Godfrey mentioned.

Senator Frith said that the government does not want a joint committee of both houses to have the power to examine the provisions and the enforcement of this Act.

Senator Frith responded to that and said the annual report would be tabled in the House of Commons. Under the rules of the House of Commons, the report would then be referred to a committee. However, these rules could change. In any case, the rules are not the same in the Senate. The majority could easily prevent the report from being considered.

Our amendment goes much further. It would allow a joint committee to examine the problems which can come up, but not in the same way as the review committee, which will work on a day-to-day basis. The joint committee would need to have something specific to say, but not on a permanent basis. It could only inquire about what is going on by contacting the Inspector General or the Director; this is quite different.

In the second place, we suggest that clause 16 be struck off the bill. I have always found this clause to be nonsensical. It allows the Secretary of State for External Affairs and the Minister of National Defence to ask the Security Agency to spy by using the means provided for in clause 21; with the use of a warrant, the Federal Court may be made an accomplice to the interception of communications, the theft of papers or anything else, whatever the country and the field involved.

For instance, we mentioned the case of a mission coming in from a friendly country, such as the United States, to purchase wheat. In theory, this is possible, but in practice, I know that it cannot happen. The agency would have the right to obtain a warrant from a judge of the Federal Court to intercept communications or record conversations in a hotel room to know how much the mission was willing to pay for the wheat. With the complicity of the judge, industrial espionage could be authorized.

In the area of defence, for instance, those responsible could say: "We shall authorize you to steal the plans of a mission which has come to Canada to discuss a contract to sell airplanes." The Secretary of State for External affairs could authorize wiretapping if there were no agreement on a contract. He could ask for authorization to go to a hotel room and steal the plans of a supersonic airplane or whatever.

Imagine the case of a friendly nation such as France, Great Britain or the United States, certainly not an enemy. Under such circumstances, a judge of the Federal Court would become an accomplice to an operation which, under normal conditions, would be deemed illegal and morally wrong. If other countries want to play dirty pool, it is up to them. But it does not make it right as far as we are concerned. It is incredible that in an official bill, we should say to our friends and allies: "As you know, we have legislation which allows us to steal your secrets and spy on you when you come to Canada on business." It is not a matter of national defence or security, but a matter of self-interest. You need only read clause 16: it is all there.

For that matter, the report of the special Senate committee has emphasized that point. I, for one, feel that we are legalizing trade spying on any country, whether friend or foe. That is beyond me. We are therefore suggesting to strike out clause 16, or if we should decide to keep clause 16, there should be at least no warrant requirement, as provided by clause 21 for carrying out this investigation; then, it would make sense.

Once the Security Service has made an application for a warrant, the judge has no choice. The bill states that it can seek a warrant to perform its duties and functions under clause 16. There is no doubt about that.

I conclude by saying that the French version of Senator Nurgitz's motion should be changed slightly; I am saying that for the benefit of our parliamentary reporters. It should read:

> à l'article 2 en retranchant les lignes 13 et 14 et en les remplaçant par ce qui suit:
>
> a) L'espionnage ou le sabotage visant la sécurité militaire du Canada ou préjudiciables à celle-ci.

That is how it should read. For the time being, I will leave things as they are, but I may rise again when we are called upon to deal with the main motion, after we have disposed of the motion in amendment.

• (1520)

[*English*]

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Nurgitz, seconded by the Honourable Senator Kelly:

> That this bill be not now read the third time, but that it be amended by:
>
> 1. in clause 2 by striking out lines 32 and 33 at page 2—

Senator Frith: Dispense.

The Hon. the Speaker *pro tempore:* Honourable Senator Flynn has proposed a change in the French translation of the motion. 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 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 "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

• (1530)

Motion in amendment of Senator Nurgitz resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Macquarrie
Balfour	Marshall
Beaubien	Muir
Bell	Nurgitz
Bielish	Phillips
Donahoe	Roblin
Doody	Sherwood
Flynn	Walker
Kelly	Yuzyk—19.
Macdonald	

NAYS

THE HONOURABLE SENATORS

Adams	Lucier
Anderson	Marsden
Argue	McElman
Austin	McGrand
Barrow	Molgat
Bonnell	Neiman
Bosa	Olson
Cottreau	Petten
Croll	Pitfield
Denis	Riley
Frith	Rizzuto
Gigantès	Robichaud
Giguère	Rowe
Godfrey	Sinclair
Guay	Stanbury
Haidasz	Steuart
Lafond	Stewart
Lapointe	Stollery
Leblanc	Thériault
Le Moyne	Watt—41.
Lewis	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Senator Flynn: Honourable senators, I mentioned that I would have a few words to say on the main motion. First, I want to explain that we have received this bill at a very late hour, and with only a few days remaining in the normal course of this session and impending dissolution, these are not the most propitious circumstances in which the Senate is asked to consider a very important bill.

The bill was referred to the Standing Senate Committee on Legal and Constitutional Affairs and, of course, the question was whether or not the committee would hear witnesses. It decided against the hearing of witnesses for several reasons, the first being that the special committee of the Senate which was constituted last year to consider the subject matter of Bill C-157 had done a good job and that most of its recommendations had been incorporated in Bill C-9.

• (1540)

The second reason was that the House of Commons had carried out a lengthy consideration of the bill in committee and otherwise.

As I mentioned previously, the third reason is that we received the bill at a very late hour. I do not think it would have been possible to have concerned parties appear before the committee. Of course, it would have been possible had the majority agreed to take the risk of allowing the bill to die on the Order Paper as a result of the impending dissolution of Parliament.

Senator Neiman mentioned that several groups had asked to appear before the committee. The Canadian Medical Association was one, as well as La ligue des droits et libertés, which group represents the opinions of individuals, organizations, unions and political parties who have indicated they object to the adoption of Bill C-9 for various reasons.

Hon. Martial Asselin: And Claude Ryan!

Senator Flynn: Yes. However, it would appear from what I have in front of me that Mr. Ryan would have supported the bill. Senator Neiman tells me that there was no letter appended to the documents she received.

Hon. Joan Neiman: Yes, that is true.

Senator Flynn: Nor was there a letter from Mr. Pierre Marc Johnson, who is the Attorney General of Quebec and minister responsible for federal-provincial relations. In any event, it was rather doubtful that any new arguments or points would have been expressed which had not already been expressed either before the special committee of the Senate or the committee of the House of Commons.

Many people have mentioned that Bill C-9 may violate the Charter of Rights and Freedoms in some respects. Of course, that is possible and, as honourable senators know, I would have restricted the mandate of the agency to matters of strict security. However, there is one sure thing; that is, if the bill offends the Charter of Rights and Freedoms, then the courts will eventually rectify the situation. This, of course, is not a complete answer, nor is it entirely satisfactory.

The main reason we on this side will go along with the vote to be taken at third reading in a few moments is the obvious position of the government majority, which was expressed in committee this morning. At that meeting we tried to put forward all sorts of amendments and not one received one vote from any government supporter.

Senator Frith: Hear, hear.

Senator Flynn: As Senator Frith says, "hear, hear". He is always efficient and convincing when he states to the majority that they must oppose any amendment to any government legislation. I have been here for 22 years and I have been Leader of the Opposition for close to 17 years. I have yet to see a majority of the house vote against the wish of either the

Leader of the Government, the Deputy Leader of the Government or of the Liberal majority here. That does not come as a surprise.

I wish to mention to those who oppose the bill that I consider we on this side have done everything we could do; however, we have to be realistic. Under the circumstances, we are convinced that we cannot achieve very much by continuing to fight. It is not possible in the Senate for the opposition to filibuster anything, whether or not one is in favour of doing that. Personally, I am not very much in favour of filibustering, but we all know very well that if the government side in the Senate decides that the debate can continue, you can keep us here all night because we have no official hour of adjournment. That has been done before to force a small opposition into submission. Again, I point out that the government has a huge majority, which in fact may be increased by new additions.

● (1550)

Senator Frith: Anyone on this side voting against their party is just about as common as anyone on the other side voting against theirs.

Senator Flynn: But the problem is not the same. The opposition is here to improve legislation and when you have a government such as the one we have had for too long which says, "We are infallible; we are indispensible; we are superior; we can never make a mistake," then of course it is no use. If the majority were able sometimes to just listen to suggestions made by senators on this side of the house to improve legislation, it would be quite a different matter. However, whether we are right or wrong, I know very well that often some senators on the other side of the house come and say to me, "You are right, but we do not want to create any problem for the government. We would never do that." It has never been done in any case. I want to make the point very clear that that is the reason we do not see any purpose in continuing the debate.

I would like to add just a word. I, for one, do not consider that this bill is a condemnation of the RCMP as a result of what the McDonald commission found about their activities. I do not think that it is on that basis that the recommendation has been made for a civilian agency. A good point has been made by Senator Kelly, Senator Walker and other members of our party in the other place, that the RCMP would have been able to continue operating the security agency. What was important was to have legislation covering the activities of either a branch of the RCMP or a new civilian agency concerning security. That will be an improvement in the legislation because at present the branch of the RCMP doing this work is operating under cabinet guidelines that were kept secret for years and years. There was really no control at all over their activities in that field, and so this legislation may cause a little improvement. However, I am very sorry that the government would not accept our suggestions to improve this legislation. For that reason, while we will not prolong debate, we cannot vote for the bill.

[Senator Flynn.]

Hon. Frederick W. Rowe: Honourable senators, I will confine myself to what I hope are just a few basic remarks in principle. I voted for this bill, knowing what I was doing. I think that in general the measures proposed in this bill are necessary for Canada, but I am always worried and apprehensive, from long experience when, however remote, there is some erosion of our basic rights. I know that not everyone is always in agreement on what our basic rights are. I happen to be one who believes that I have the right to read whatever I want to read—that any adult has the right to read whatever he wants to read. But I know that there are others who do not think that that is a basic right.

I refer the house to that ancient cliché, which Lord Acton was not the first to enunciate, that power corrupts, and absolute power corrupts absolutely. Let us keep that in mind all the time. On that point, my experience is that if the power is there it is likely to be abused.

I was interested in hearing the submissions by Senator Gigantès yesterday on second reading of this bill. I may be paraphrasing his remarks, but he referred to the need for us to have a police force we trust and respect. I agree with that, but I would also point out that the very fact that the people of Canada are inclined to place almost absolute trust and respect in, for example, the RCMP, led to an abuse of power in some instances. Perhaps not as much as in some other countries and certainly not as much as we have in the country to the south of us, where the CIA and the FBI have repeatedly been shown to have abused their power.

I would like also to repudiate the references I heard on a number of occasions on the need for Canada to make use of "dirty tricks". I am not naive enough to think that you can deal with terrorism or with some of our potential enemies by reciting Sunday school lessons to them, but I repudiate the idea that we have to put ourselves on the same level as some of our potential enemies. If we do that, I think we are in real trouble.

I started with a cliché and I will end with one: The price of freedom is eternal vigilance. Those of us who are parliamentarians, let us watch, with all the vigilance at our command, the implementation of this proposed legislation.

Hon. John M. Godfrey: In the name of accuracy and for the record, I would like to point out to Senator Rowe that Lord Acton did not say that power corrupts; he said that "Power tends to corrupt", which is altogether a different thing.

Hon. Stanley Haidasz: Honourable senators, about two hours ago I received some documents from the clerk of the Standing Senate Committee on Legal and Constitutional Affairs. I do not know whether other senators in the chamber also received the same documents, but included in that bundle of documents is a letter from the Canadian Medical Association dated June 26, which was yesterday. In that letter the Canadian Medical Association deplores the fact that the House of Commons Justice and Legal Affairs Committee, that studied Bill C-9, did not take into consideration the objections raised by the Canadian Medical Association with respect to

the possible lack of safeguards for privacy of information from medical records.

Senator Frith: Senator Haidasz, that committee heard those representations.

Senator Haidasz: Perhaps they did, but our committee did not hear them. The letter does say that the committee of the other place made no changes, but then our committee did not have the opportunity—

Senator Walker: You are completely out of order, Senator Haidasz. The debate is all over; we are about to take a vote and there is no way that you can make this argument at this time.

Senator Haidasz: In that case, I shall ask the Speaker to make a ruling.

Senator Frith: Honourable senators, speaking to the point of order, it seems to me that if the point being made by Senator Haidasz is that the committee report should not be accepted, that the matter be referred back to the committee, it might be of questionable order, but he has not spoken on third reading, so he is entitled to speak on whether the bill should be given third reading.

• (1600)

Hon. Martial Asselin: He wants to move an amendment.

Senator Haidasz: Honourable senators, I have no intention of moving an amendment. My reason for rising is to express my concern that the letter we received from the Canadian Medical Association came two hours after the Standing Senate Committee on Legal and Constitutional Affairs had met. For the record I think that someone, either the chairman of the committee or Senator Frith, should allay the concerns of the Canadian Medical Association as to the lack of safeguards for the privacy of medical information as that information relates to Bill C-9.

Senator Neiman: Honourable senators, copies of the letters and communications to which Senator Haidasz referred were received in my office at approximately 12 noon or 12.30 p.m. today, after the committee had adjourned its meeting and was prepared to report the bill without amendment. I did have photocopies of those letters and communications made for and circulated to the members of the committee so that they would be aware of those concerns.

Hon. Ann Elizabeth Bell: Honourable senators, I should like to say that I do not accept for a minute what the revered Leader of the Opposition has said; that is, that the opposition is here to improve the government's legislation. I say that the whole of the Senate is here to improve the government's legislation, and apart from the Leader of the Government in the Senate and other senators who are members of the ministry, we all have that duty. I am under no compulsion whatsoever to support either the opposition or the government. We are all here to improve the legislation.

Some Hon. Senators: Hear, hear.

Motion agreed to and bill read third time and passed, on division.

RADIATION EMITTING DEVICES ACT

BILL TO AMEND—SECOND READING

Hon. Stanley Haidasz moved the second reading of Bill C-5, to amend the Radiation Emitting Devices Act.

He said: Honourable senators, Bill C-5, to amend the Radiation Emitting Devices Act, was debated in the House of Commons and was thoroughly studied by their Committee on Health, Welfare and Social Affairs. May I give honourable senators some explanation and a little history of this legislation?

When I was Parliamentary Secretary to the Minister of National Health and Welfare in 1970, I had the privilege of piloting the original bill through the House of Commons. Today, after 14 years of experience, we are seized with this bill which makes five major changes. Most importantly, it provides for the establishment of standards for radiation emitting devices and prohibits the sale and importation of such devices unless they comply with the prescribed standards. Standards have now been prescribed for television sets, dental X-ray equipment, microwave ovens, baggage inspection X-ray devices, laser scanners, ultrasound therapy devices, diagnostic and therapeutic X-ray equipment.

The need for radiation protection is important and vital. That is so because exposure to radiation can result in deleterious effects that manifest themselves not only in the exposed individuals but in their descendants as well. Furthermore, the public is exposed to various forms of radiation from an increasing number of industrial and consumer products. For example, medical X-ray exposure accounts for more than 90 per cent of the total exposure received from man-made sources. Nevertheless, X-rays are an essential part of present-day medical practice.

The purpose of this bill is to correct limitations in the Radiation Emitting Devices Act in order to protect the public in a better way and more comprehensively against hazards to their health resulting from the sale and use of unsafe radiation emitting devices.

The amendments contained in Bill C-5 will, for example, extend control over devices for which standards are applicable at the time of importation or lease. At the present time, standards established under the Radiation Emitting Devices Act regulations apply only to devices manufactured after the date of coming into force of regulations for those devices. Radiation emitting devices manufactured outside of Canada prior to that date can continue to be imported indefinitely for sale in Canada even though they do not conform to the standards and may be potentially hazardous to Canadian users. Manufacturers outside of Canada are aware of this weakness in the act and could exploit it by producing and stockpiling for sale in Canada devices manufactured under less stringent conditions.

A further change to this act is the extension of control to devices for which standards have not been prescribed and which are defective or create a risk of injury to the health of the user. At the present time, new types of radiation emitting devices can be introduced in Canada without any prior knowledge or evaluation by the Department of National Health and Welfare. Such devices can be ineffectual for their intended purpose, or totally unnecessary and even detrimental to the safety of the Canadian public, and yet they can still be sold without restriction until standards are developed and promulgated after a lengthy process.

Also, the amendments prohibit false or misleading representation with respect to the design, construction, performance or safety of radiation emitting devices. Under the current act, there are no such restrictions. For many radiation emitting devices, the design, construction and performance standards are insufficient to ensure safety. Proper and careful use of the device also requires adequate instruction for the use of the device to complement the equipment standards.

A significant amendment to the act extends the scope of the act which covers all electro-magnetic and acoustic frequencies. The current act limits the prescribing of standards in the form of regulations to devices that emit electro-magnetic waves having a frequency greater than ten megacycles per second, or ultrasonic waves having frequencies greater than ten kilocycles per second. However, the biological effects of electro-magnetic frequencies and radiation, and of acoustical energy propagation, are governed not only by the frequency but also by the intensity of the propagated radiation and by the absorption properties of the exposed medium.

There is increasing use of a variety of devices which propagate such high levels of power that, despite the low absorption coefficient, sufficient power is absorbed and therefore could be injurious to biological systems. Many devices found in factories, homes and offices, emit radiation below ten megahertz in the radio-frequency range. This would, for example, permit the establishment of a standard for radio-frequency heat sealers. Many of these devices have been found to emit radiation at levels well in excess of currently accepted international standards. Extending the scope of the bill to include all acoustic frequencies would permit an assessment of the health effects of high levels of infrasound which come from air conditioning, heating and ventilation systems, compressors and even large diesel engines.

● (1610)

The biological effects which have been attributed to infrasound include hearing loss, involuntary eye movements, nausea and such symptoms and signs as slowed reactions and fatigue.

Bill C-5 also contains new provisions which will require a manufacturer or importer to notify the minister of any device which, after sale or lease, the manufacturer or importer finds to be injurious to health or fails to perform according to the indicated performance characteristics. In respect of the areas of jurisdiction, the federal government is responsible for the regulatory control of the design, construction and functioning of radiation emitting devices at the point of importation and sale. The provincial governments are responsible for the control of the installation and the use of such devices after sale has taken place.

We know that the United States is a major exporter of radiation emitting devices to this country. Every effort has been made to ensure compatible regulations with only minor variations such as the wording and language of warning signs. The same applies to international standards where they are promulgated. Some countries, however, have minimal or no standards which, if it were Canadian policy to accept the regulations of the producing country, could result in the dumping in Canada of potentially hazardous devices.

Honourable senators can readily see that the amendments to this act are essential for the regulatory control of radiation emitting devices that are potentially hazardous to the Canadian user and which are not subject to the provisions of the present legislation.

Hon. Orville H. Phillips: Honourable senators, I thank Senator Haidasz for introducing the bill. I believe it was originally introduced at the beginning of this Parliament, put on the Order Paper and then reintroduced at the beginning of this session. I am intrigued by the fact that the bill was explained in the House of Commons by the Minister of Fisheries and Oceans. I thought that was stretching the point a bit to have that minister explain the bill on behalf of the Minister of National Health and Welfare.

The sponsor has explained the regulations and the fact that the bill has been extended to cover other devices. I am particularly interested in the reference to acoustic devices, not that I personally feel that my hearing has been impaired by them, but I am thoroughly fed up with these loudspeakers that continually blast rock music wherever one goes. One example of that which comes to mind is every year Ottawa has a Festival of Spring in Major's Hill Park and we are practically blasted out of this building. I hope that the passage of this bill will result in those loudspeakers being subdued somewhat in volume.

I agree with Senator Haidasz that another important extension covered by this bill comprises air conditioners, ventilators and so on.

I have no objection in principle to the bill, but I have a number of questions to raise concerning the definitions within the bill. My first point deals with clause 4 under the heading "Prohibitions" on page 3. It refers to a device creating "a risk to any person of genetic or personal injury, impairment of health or death from radiation . . ." What are the criteria for establishing a genetic injury and how long a period does this clause cover? Today many young people frequent amusement centres and play video machines for hours. My understanding of a genetic injury is that such injury would not appear until those exposed to radiation produced children. I think there should be some understanding of what the limitation in years is on genetic injuries. I am sure this clause was inserted to cover complaints of pregnant women who are working on video

display terminals, word processors and so on. We have heard a number of well-publicized complaints by public servants who complain that these machines are injurious to their health. I should like to know who will establish the level of danger to these people, because unions have one view and the department has another. The bill provides for regulations to be made, but what are the criteria to be used in establishing these regulations?

Clause 6(2) states that the minister may order notification by the manufacturer or importer when a radiation device is defective. What happens in the case of an importer or manufacturer who goes out of business? Honourable senators are familiar with the change in technology. Many products are popular and in demand today, but this time next year there may be no demand for that particular device and the manufacturer is out of business. I believe that this is one weakness in the bill. If the manufacturer goes out of business, who notifies the consumer who has bought this particular item, whether it be a display terminal, a piece of ultrasound equipment or a piece of ventilating equipment? I think the department should compile a list of manufacturers and their customers, and if someone goes out of business, particularly if it is due to defective equipment, the department should be responsible for notifying those customers.

Clause 3 deals with the powers of an inspector. Here I am particularly disturbed with the powers that have been given to an inspector. He can enter any establishment, whether it be a restaurant or a radiologist's office and seize a piece of equipment that, in his opinion, is a radiation device. He can remove it for inspection.

• (1620)

Honourable senators, this raises a number of questions. Where will the device be taken for inspection? Will it be taken to the National Research Council, the Department of National Health and Welfare at Tunney's Pasture, or will it go to the Department of Oceans and Fisheries because that minister introduced the bill? How many places in Canada are equipped to carry out the inspection and testing of a radiation device? Perhaps the sponsor could get that information for us in committee.

Honourable senators, it also concerns me that a device can be kept for 90 days for testing. Let us assume that a piece of X-ray equipment were seized from a radiologist's office. What is the radiologist to do for those 90 days? Does he have to buy new equipment only to be informed 90 days later that the original piece of equipment seized is not defective and is perfectly safe? I think that 90 days is an unnecessarily long period of time to carry out that testing.

After the machine has been seized and held for some time, the minister may notify the owner that he or she may come and repossess the machine. This makes it important to know where the testing is to be done. If a microwave oven were seized from a restaurant in Vancouver or Halifax and kept in Ottawa, the minister would write to the owner a registered letter telling him that the machine is in satisfactory working condition and that he can repossess it. Honourable senators, this would involve an additional expense that would aggravate the loss of revenue incurred during the 90 days.

Since the inspector seizes the equipment in the first place, why does he not return it? Why does the minister have the authority to tell the owner of the equipment that if he does not retrieve his equipment within a specified time, that is, 30 days, then he, the minister, has the authority to dispose of that equipment? That is one aspect of the bill that should be studied in committee.

I have one further question concerning clause 5, which gives the authority to make regulations for devices. Here again we find reference to genetic injury. Honourable senators, what would happen if all video display terminals were declared unsafe because of the threat of genetic injury? Someone may have just purchased a very expensive terminal only to be told that it is unsafe from a genetic point of view. Will he be allowed to continue using that device? Will the individual lose several thousand dollars with no compensation, or will the federal government assume the responsibility for taking that device?

Let us not forget, honourable senators, that the biggest user of these video display terminals is the public service and that the federal government has a particular interest in assuring that their equipment is protected. Perhaps in making these regulations they may be just a bit biased towards their own viewpoint.

Honourable senators, I hope that when this bill is referred to committee there will be witnesses who will answer these questions.

Hon. Senators: Hear, hear.

Senator Haidasz: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the Honourable Senator Haidasz speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Haidasz: Honourable senators, Senator Phillips raised many interesting and valid points, some of which were studied by the committee of the other place and others which did not arise there. Therefore, the proposal of Senator Phillips to refer this bill to committee for answers to his questions is very acceptable.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Senator Haidasz: Honourable senators, I move that this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the committee to which Bill C-5 has just been referred has arranged a meeting for this afternoon with the necessary officials in attendance.

It is my understanding that the sponsor of Bill C-49, Senator Steuart, will move that that bill also be referred, after second reading, to the same committee. It is also my understanding that Senator Yuzyk proposes to speak to this bill. Therefore, I propose that we proceed with second reading of Bill C-49 ahead of Bills C-7 and C-8.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. M. Lorne Bonnell: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit today while the Senate is sitting and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Bonnell: If the motion is agreed to, the meeting will commence almost immediately in room 256-S in order to study Bill C-5.

Motion agreed to.

WESTERN ARCTIC (INUVIALUIT) CLAIMS SETTLEMENT BILL

SECOND READING

Hon. D. G. Steuart moved the second reading of Bill C-49, to approve, give effect to and declare valid the Agreement between the Committee for Original Peoples' Entitlement, representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada and to amend the National Parks Act in consequence thereof.

He said: Honourable senators, Bill C-49 proposes to enshrine in law the final agreement between the Government of Canada and the Committee for Original Peoples' Entitlement, which represents the Inuvialuit who are the native people living in the western Arctic. It is, therefore, an important bill, important to the political and economic development of the north and, because it represents a major step forward in Canada's relationship with her native people, it is important to all Canadians. The agreement reached with the Inuvialuit is a comprehensive settlement—one that covers a wide range of considerations and that is designed to compensate these people for the historic claims that they have to the lands they have traditionally used and occupied.

• (1630)

Honourable senators, the concept of comprehensive claims originated in 1973. At that time, in a major policy statement, the government acknowledged the traditional rights of native groups who lived in remote areas of Canada that had never previously been covered by treaty. The government expressed its willingness to negotiate comprehensive settlements with these groups in respect of these rights. The government established the office of native claims to administer the process, and over the last decade a substantial number of comprehensive claims has been accepted for negotiation.

As honourable senators may recall, the first comprehensive settlements to be reached and legislated were with the Cree and Inuit of northern Quebec in the James Bay region and with the Naskapi in northeastern Quebec. These settlements were given high priority, since the governments of Canada and Quebec were anxious to reach a fair and satisfactory agreement to enable the major James Bay hydro-electric project to proceed in harmony. The James Bay Agreement, like many first efforts, was not without its problems. In response to complaints from the Cree and Inuit, the government undertook a thorough review of the agreement in 1981. As a consequence of this review, the government has provided additional funding to help defray the costs of administering and monitoring the terms of the agreement. In spite of these problems and some that still exist, the Cree, the Inuit and the federal government remain convinced that the James Bay Agreement is basically fair and that it is workable. The COPE Agreement is the first comprehensive settlement to be achieved in Canada's northern territories.

Honourable senators, I will outline briefly a history of the development of the COPE final agreement and my involvement in it. Following the 1973 statement by the government, recognizing aboriginal rights in the north, preliminary negotiations were commenced with the Inuit Tapirisat of Canada, representing all the Inuit of the Arctic region. In 1976, the Inuvialuit, the original people of the western Arctic, set up an organization called the "Committee for Original Peoples' Entitlement," referred to as COPE, to negotiate their own comprehensive claim separate from that of the ITC. Both COPE and the government felt there was some urgency to get this claim settled in view of the pending development in the Beaufort Sea. As it turned out, neither the Beaufort development nor the COPE claim were to proceed very rapidly. In October 1978 an agreement in principle was reached between COPE and the Government of Canada. The Government of the Yukon Territory was strongly opposed to the proposed wilderness park and had withdrawn from any participation in the negotiations. In 1979 negotiations towards a final agreement were stopped because the new government wanted time to review the whole agreement in principle. In 1980 I was appointed chief negotiator, and negotiations resumed.

During the next few months, most of our time was spent reviewing the negotiations to that time and examining the agreement in principle. By December 1980 we had isolated five issues that the government felt needed adjusting before a

final agreement could be signed. These concerned, first, the proposed wilderness park; second, public and government access on and across Inuvialuit lands; third, that practical participation agreements, arbitration processes and expropriation procedures be developed; fourth, that a regime be agreed upon by which the Crown could gain access to its own subsurface resources without having to compensate the Inuvialuit for subsurface disturbance; and fifth, that any loss of wildlife productivity should be assumed by developers through the existing legal framework.

My repeated attempts to negotiate any concessions in these areas failed, so in 1982 I proposed to the Honourable John Munro that I be replaced as chief negotiator. A conflict of personalities between some of the COPE negotiators and myself had developed and I was convinced a new negotiator was necessary to get the talks back on track.

Mr. Simon Reisman was appointed to act in 1982, and on June 5, 1984, the final agreement was signed. I would point out that all five of the issues upon which negotiations had broken down were settled along the lines proposed by me on behalf of the government. Honourable senators, this proves two things, one, Simon Reisman is a better negotiator than I am, and two, the pending election and the possibility of a new and tougher government had a salutary effect on the COPE negotiators. For example, the proposed park was changed drastically and the other four issues were amended so that they are now more practical and workable than they were in their original form. The proof of this is that the Yukon government came back to the negotiating table and signed the final agreement.

I am told that while not everyone in the north supports the final agreement, it has been accepted by far more people than was the case with the agreement in principle. The vast majority of the Inuvialuit people voted in favour of it. It is not a perfect agreement, but I am convinced that, taking into consideration the length of time involved, the complexity of the issues dealt with and all the competing interests in the north, it is the best that could have been done. Most important, it is a fair settlement for the Inuvialuit and it will not hinder sound economic development in the western Arctic.

As well, honourable senators, the COPE settlement represents an important landmark. It provides assurance and encouragement for those currently negotiating claims in the north and for those with claims yet to be considered—assurance that, with patience and perseverance, a just and workable final settlement is possible. Through this agreement, the Inuvialuit agree to surrender their interest in and claims to certain lands they have traditionally used and occupied. In return, the government has offered a number of measures designed to help them preserve their historic culture and values, to provide opportunities for equal participation in the northern economy and to protect and preserve the Arctic wildlife and environment.

The agreement deals with three main elements: land and its use; economic and social development measures; and wildlife and environmental management. Under the agreement, the Inuvialuit will receive title to some 91,000 square kilometers of land, only about one-fifth of the area they have traditionally used and occupied. Of this total land mass, they will own surface and subsurface rights to some 11,000 square kilometers immediately adjacent to their six main communities. In addition, they will receive surface rights, with subsurface rights to sand and gravel but not oil, gas and minerals, to an additional 78,000 square kilometers.

The economic and social benefits package will feature financial compensation of $45 million in 1977 dollars, payable in annual instalments until 1997. This will equal $152 million, spread over that 20- or 30-year period. The Government will also provide a $10 million economic enhancement fund and a $7.5 million social development fund, both of which are in 1984 dollars. I hope that most or all of this $7.5 million social development fund will be used to give the older Inuvialuit people some immediate help, because they have been waiting a long time.

Honourable senators, the bill itself points out that in exchange for the specific rights, lands and compensation granted through the agreement to the Inuvialuit, they in turn agree to surrender all of their native claims, rights, title and interests, whatever they may be, in and to the territory, meaning both the Yukon and the Northwest Territories and adjacent offshore areas. Of course, they do not lose any rights they hold now or will hold in future as Canadian citizens. The National Parks Act is amended to accommodate the new national park in the Yukon Territory.

In effect, honourable senators, Bill C-49 gives legal validity to the agreement in principle. I believe that all those people from the government and from COPE, who worked so long and hard to reach this very important milestone in our relationship with Canada's first people, are to be congratulated. They took on a difficult job and they did it well in the face of great odds. Honourable senators, I believe this measure was supported unanimously in the other place, and I urge all honourable senators to give this bill their support.

• (1640)

Hon. Paul Yuzyk: Honourable senators, I wish to congratulate Senator Steuart for his lucid explanation of this bill. Since he was involved in the negotiations which dragged on for many years, he knows much more than he has presented to the chamber today. We on this side of the house agree with the principle of the bill, which in effect approves and declares valid the agreement known also as the Western Arctic Claim.

I received this document of 114 pages just a short while ago and have had no time to study it. It is true that the Inuvialuit voted to ratify the agreement with a majority of 81 per cent, which would justify our support. But one-fifth of the people disapproved, and they must have had good reason to oppose some of the clauses. Furthermore, the government carried on the negotiations with selected representatives of the Inuvialuit in secrecy. I understand that the opponents of this agreement argued in favour of a cash settlement and had other demands and reservations.

I believe that this bill should not be passed by the Senate until we have received a more detailed explanation regarding the agreement, which will seriously affect the lives of the aboriginal people for many years into the future and, as a matter of fact, forever. I am therefore requesting that the bill be sent to committee for more thorough examination. Our sober second thought will give the bill better credibility. We want the Inuvialuit to get the best possible deal, as it will set a precedent for the settlement of claims of other native peoples. I may also wish to comment on third reading.

Senator Steuart: Honourable senators, I realize that if I speak now, it will have the effect of closing debate on second reading of this bill!

Hon. David Walker: Good.

Senator Steuart: I appreciate Senator Yuzyk's suggestion that this bill be referred to committee. We have made arrangements for that, and I am sure that officials will be present to answer any questions that honourable senators may have. This is a complicated bill and it is to be regretted that we have received it in the dying days of this session, and possibly of this Parliament. I would normally be quite angry about this, but in this case the situation was such that negotiations were concluded not very long ago, and by the time the government was able to prepare the legislation I believe it could not have gone through the Commons and the Senate much earlier.

The honourable senator mentioned one or two points on which I should like to comment. He said that one-fifth of the people voted against it. It is my experience with the Inuvialuit people, and with the Inuit people generally, that they are very democratic, and the people who were opposed to the legislation felt that there should be more money coming to the people immediately. That is why I believe that the $7.5 million fund—which I understand will be used to provide some help, particularly to older people in the area—is a good thing.

On the question of holding meetings in secrecy, I have heard that charge raised before, and I do not believe it is fair. Negotiations were held by the people representing the Committee of the Original Peoples' Entitlement, which represented all of the Inuvialuit people. COPE people were elected quite regularly. When I was negotiator I held meetings in the north and invited the public to come and discuss freely the whole agreement in principle, which was signed before I became the negotiator. That document was circulated all over the north to all of the people concerned. Some of those who attended the meetings were quite angry about what they claimed to be the lack of democracy. I challenged them that elections were forthcoming and that if they did not like it they could run in the elections. I said it was not our job, coming from the south, or representing the government, or as negotiators, to tell them how to run their own affairs; that they should get out and run for election. Some of them did, and some who were opposed to the committee's negotiators were elected. However, there was no particular change.

Meetings were held by the negotiators, and the results of those meetings were quite widely circulated, so that all of the people had an opportunity to know what was going on, whether or not they agreed with it.

I consider Senator Yuzyk's remarks to be fair, and I know that he will probably have something to say in committee and on third reading.

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?

Senator Steuart moved that the bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

Motion agreed to.

• (1650)

[*Translation*]

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

Hon. Fernand-E. Leblanc moved the second reading of Bill C-7, to amend the Customs Tariff.

He said: Honourable senators, I am pleased with this opportunity to present Bill C-7, an Act to amend the Customs Tariff.

This bill would enact the amendments to the Customs Tariff announced in the Notice of Ways and Means tabled by the Minister of Finance on April 19, 1983 with the budget brought down on that date.

The changes have been in effect on a temporary basis, since the day after the budget.

I do not intend to repeat the comments of the Minister of Finance.

First of all, the bill provides for improvements in the general preferential tariff (GPT) for developing countries. It proposes new or lower GPT rates, and especially a "free" rate for a broad range of products, in accordance with the recommendation made in Part II of the Tariff Board's report. The SPT has been extended for an additional period of ten years, until June 30, 1994. The rules of origin are being amended so that value added in any GPT country will count towards the national content that products must have to be allowed entry at GPT rates.

Second, the bill raises the value limitations on goods that Canadians returning from abroad may bring back duty- and tax-free. The main increases in tourist exemptions will raise the quarterly exemption after an absence of not less than 48 hours from $50 to $100; the annual exemption, available once a year after an absence of not less than seven days, is being increased from $150 to $300. I think there may be a conflict of interest here, because I occasionally take advantage of this exemption, like many other senators, I suppose.

Third, the bill provides for higher rates for feed pellet mill dies and rolls and a number of bulldozer parts. These are

rather technical terms and their translation may be difficult. In any case, if there are any questions, we can answer them.

The duties on these items will re-instate the protective tariff that was lost as a result of concessions made during the Tokyo round. Canada is negotiating these increases with the United States, under GATT, and they are to come into effect on a date to be proclaimed once negotiations have been finalized.

Fourth, the bill provides a certain number of miscellaneous tariff changes, including new tariff items and amendments to existing ones, in order to implement the Tariff Board's recommendations covering firebrick and other refractory products; a new item that will allow duty-free entry for electronic church carillons; reduced rates on crawler loaders and bulldozers and diesel engines for crawler machines; a new tariff item allowing recording studios to import mixing consoles and tape recorders duty free.

There are new tariff items providing for free entry of banana chips from developing countries; prayer shawls, prayer shawl fringes and prayer shawl bags; motion picture films and videotapes for commercials intended for television; seed oyster collectors and collector stands.

While these tariff changes probably do not have any great significance or impact, they still represent a major contribution to the evolution of the tariff policy in Canada. They certainly deserve to be supported by the Senate.

I shall restrict my comments to a few general remarks concerning the policy principles upon which the tariff changes proposed in this bill are based.

First, let us look at the amendments to the general preferential tariff mentioned in clauses 1, 2 and 4 and Schedule I of Bill C-7.

Honourable senators, you are probably aware that the GPT was established in July 1974 as Canada's contribution to the international efforts made under the aegis of the United Nations Conference on Trade and Development or UNCTAD. The purpose was to help developing countries diversify and increase their exports of finished and semi-finished products, thus improving their balance of payments position.

Most other developed countries have adopted similar preferential tariff measures. When the GPT was implemented, the government developed protective procedures so that it would be in a position to amend or withdraw the GPT benefits whenever imports from the developing countries were harming Canadian producers.

In 1980, the Minister of Finance announced that these means of protection would be strengthened by allowing Canadian producers to ask the Tariff Board to withdraw the benefits of the GPT in cases of presumed harmful competition on the part of developing countries.

The GPT has provided major benefits to developing countries which export to Canada, without causing serious upheavals in Canadian production. This preferential tariff, including the changes contained in this bill, reflects Canada's desire to improve the economic situation of the Third World countries.

In addition, the bill now under consideration contains a number of tariff amendments designed to raise the ceiling of exemptions allowed to tourists.

The government, and especially the Minister of Finance, are under constant pressure from the travelling public requesting more generous exemptions.

While it is quite understandable for Canadians on their return from the United States or other countries to want to bring in goods they have purchased without paying any duties or taxes, it must be noted that the exemptions allowed to tourists were never meant to ease shopping trips abroad or to encourage people to make major purchases while travelling.

The purpose of these exemptions is to free Canadian residents from the inconvenience of having to declare souvenirs or small items they purchase occasionally while travelling, and of having to pay duty or taxes.

They also aim at reducing the cost, both in time and money, of having customs officers collect duty and taxes on these items. We have to make sure that the exemptions granted to tourists are not so generous as to have harmful effects on Canadian businesses and on our balance of payments situation as compared with other countries, especially the United States.

Honourable senators know that we are traditionally in a travel deficit position with that country. It is important not to take measures likely to worsen the situation to the extent that severe countermeasures would be needed.

The higher exemptions granted to tourists under the bill are reasonable and have been welcomed by Canadians who travel in the United States or overseas. Those higher exemptions will not have any noticeable impact in Canadian business circles or on the situation of our travel account.

I have a few brief comments on the tariff increases contained in the bill. Those increases apply only to the odd piece of equipment and, therefore, do not represent a change in the Canadian government's trade or tariff policy.

Successive Canadian governments did not adopt a policy of higher tariffs because such measures are generally very expensive at the national and international levels. Canada has always maintained that, if the international trade community wants to derive maximum benefits from free trade, we must be strongly opposed to protectionist, tariff and non-tariff measures. This fact is particularly significant now that we are trying to fight our way out of the worst and longest recession since the thirties.

It has been shown time and again that restrictive trade practices can only give rise to and worsen economic problems. Freer trade has the opposite effect since it promotes economic development, new investments and job creation.

Experts keep repeating that between one quarter and one third of Canada's GNP is generated by exports. Since we in Canada are so dependent on exports, we must be among the first to speak out against protectionist measures.

• (1700)

[*English*]

Hon. C. William Doody: Honourable senators, Bill C-7, as our colleague Senator Leblanc has pointed out, is a bill to outline various changes in the tariff system in Canada. It was introduced in the other place as part of the ways and means motion attached to the April budget. In early May it was introduced as a bill in the other place and now it is coming to us two days or so before we adjourn for the summer recess. But we are becoming quite used to that sort of thing, because that is not at all unusual. Perhaps what is a little unusual about the bill is that it has a schedule attached to it which lists the changes in the tariff which will take place. I do not know if that means we are going to have a different system of legislation in Canada in the future. Perhaps instead of having an Order in Council incorporating all the changes that are listed here we will have them in the legislation itself which, I think, is a worthwhile change.

The tariff reductions that are listed are retroactive to April 20, 1983. The increases do not take place until the proclamation of the act which will not be until some time in the future.

My honourable friend, in introducing the bill, listed many of the items that will be affected. I thought he was going to list all of them but he spared us a few. One notable change which I think should have been brought to the attention of our colleagues is that some mynah birds which have traditionally been allowed into the country are not allowed in any more, with two very important exceptions, the Chinese talking mynah and the Hill mynah, and I am sure that the population of Canada will take heart from this very thoughtful exception by the Government of Canada.

Hon. Nathan Nurgitz: Bravo!

Senator Doody: I should have pointed out when I mentioned the relief from Order-in-Council authority, that there is an Order-in-Council authority to exempt goods if they need to be shipped directly from the country of origin to qualify for this general preferential tariff. By and large, the thrust of the bill is a good one. It allows the developing countries to export some of their products to Canada with preferential treatment, and I think that is a very welcome change.

On a more personal note, as Senator Leblanc pointed out, we all welcome the doubling of the exemption from duty for people travelling. Those of us who might get an opportunity to travel from time to time will be able to bring in a few duty-free goods.

Most of the other items are housekeeping ones and I see no reason to object to the passage of this bill. I am sure that my colleagues on this side of the house endorse its passage as well.

Senator Leblanc: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Leblanc speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

[Senator Leblanc.]

[*Translation*]

Senator Leblanc: If no other senator wishes to speak, it seems that we all agree to move the adoption of this bill. I want to thank Senator Doody for his kind remarks. I will say no more so that this bill can be read for the second time right now.

[*English*]

Hon. Daniel Riley: Honourable senators, I should like to pose one question to the mover of this bill. Clause 9(2) refers to the Latin words *Sturnus vulgaris*. Could Senator Leblanc give me a literal translation of those words because I am not very good in Latin?

Senator Leblanc: Unfortunately, I do not have the translation with me.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Leblanc, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

SPECIAL IMPORT MEASURES BILL

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-8, respecting the imposition of anti-dumping and countervailing duties, to amend the Currency and Exchange Act, the Customs Tariff and the Export and Import Permits Act and to repeal the Anti-dumping Act.

He said: Honourable senators, this bill is not a simple one, but its principles and background, I hope, will have a bearing on encouraging you to support it. The bill is a result of quite a lengthy consultative process which began with the publication of a discussion paper put forward in July 1980 by the Minister of Finance entitled "Proposals on Import Policy."

The next step was that that discussion paper was referred to the House of Commons Standing Committee on Finance, Trade and Economic Affairs which established a subcommittee on import policy to examine the proposals that were in that discussion paper. I believe that subcommittee spent two years examining it, and its report was presented in June 1982. The bill is a combination of three things: the import policy proposals—the discussion paper, the subcommittee report and the comments received from all sources during the hearings and representations made by the public.

The purpose of the legislative changes in the bill resulted from the Toyko Round of the multilateral trade negotiations—MTN—and the objective is a substantial reduction in the level of tariff protection afforded industry in Canada, most to be fully implemented, as we heard through Senator van Rog-

gen's report, by January 1987. Canada agreed to measures such as implementing the GATT code on customs valuations by 1985, and that would make Canada's import regime more open and transparent.

The objective is for Canadian industry to be operating in a much more competitive trade environment in the future, which will in many cases provide benefits and opportunities that did not exist before. However, there may be some dangers, and one of the main objectives of the bill is to deal with those possible dangers.

The changes are aimed at ensuring that Canada is well equipped to deal effectively with injurious import competition and other trade problems arising from the consequences, as I have described them, of the Toyko round. The changes are also aimed at ensuring that Canada's procedures and policy instruments in this area are as efficient and effective as those of our main trading partners who have already passed legislation to take advantage of those arrangements. The essential elements of the bill are certain parallel procedures in anti-dumping and countervailing duty cases; some specific time limits on the various stages of the proceedings; some provisions for the acceptance of undertakings; some provisions in the capital goods sector; the principle of equity and fairness—the famous expression of "fair trade"; and some provisions for public disclosure.

• (1710)

Honourable senators, because we are dealing with the principle of the bill at this stage—although I have some speech notes which add to the notes to which I have just referred—I have asked for a summary of the bill and, on second reading, it is my intention simply to use that summary which is only a page and a half long. I apologize to honourable senators for reading it, but, having compared it to this rather stout book I have containing a good deal of information, I think it is a good summary of the bill. Therefore, I mean to refer to those notes in order to explain the principle of the bill in summary form.

This measure entitled "Special Import Measures Act" replaces the Anti-dumping Act and amends provisions of the Currency and Exchange Act, the Customs Tariff and the Export and Import Permits Act. As I mentioned, it is the product of the lengthy three-stage consultative process—the policy paper, the establishment of the subcommittee, and the hearings of the committee and its consultation with those interested.

The main purpose of the bill is to make Canada's anti-dumping and countervail legislation more effective in preventing injury to Canadian producers from dumped or subsidized imports. It will allow Canada to take full advantage of its GATT rights in respect of such practices. At the same time, it provides for more transparent and equitable procedures in response to complaints from Canadian producers regarding the current anti-dumping and countervail systems.

Honourable senators are aware of the steps that must now be taken if an importer seems to be dumping goods in Canada, that is, if goods are being sold in Canada at prices cheaper than those at which they are sold in the place of manufacture offshore. The steps are that the department makes what is called a preliminary finding of dump, that is, that there is a margin of dump. They stipulate what the margin of dump is, which is the difference between those two prices. Perhaps Senator Phillips will find this an oversimplification, but I am trying to simplify rather than complicate the matter. When that preliminary finding of dump is made, there is, of course, a levy of a tax. The next stage is to go to the Anti-dumping Tribunal to find the second element, and that is, injurious effect on the domestic industry.

Some streamlining is proposed by this bill. Essentially, it provides for the imposition of anti-dumping and countervailing duties; parallel procedures in anti-dumping and countervail cases, replacing the current countervail provisions of the customs tariff, legislated time limits on the various stages of anti-dumping and countervail proceedings; and the authority to accept undertakings from exporters or their governments in countervail cases instead of imposing the duties I referred to, which are imposed at the present time under the present system.

Such undertakings will be aimed at eliminating dumping margins or subsidies or the injury they cause without going through the full procedure of a formal inquiry by the Canadian Import Tribunal, formerly the Anti-dumping Tribunal.

The last case I had before the Anti-dumping Tribunal took, in terms of preparation, some several months and about a month and a half in terms of hearings. That, incidentally, honourable senators, was before I was appointed to the Senate.

The bill will permit the Canadian Import Tribunal to consider the consumer interest and make recommendations to the Minister of Finance regarding the level of the countervail or anti-dumping duty in cases where it considers that imposition of duties equal to the full amount of the subsidy or margin of dumping would not be in the public interest.

Persons in Canada having information relevant to an investigation will be required to furnish this information to Revenue Canada on request. There are provisions dealing with the treatment of confidential information.

Honourable senators, I now turn to the Currency and Exchange Act which is being amended to provide a more firm basis for the regulation-making authority regarding the conversion of foreign currencies to equivalent values in Canadian dollars.

The Customs Tariff is being amended to permit more flexibility in the application of emergency safeguard measures. It will be possible for the government to apply surtaxes for more than six months without parliamentary review, where this has been recommended by an administrative tribunal. Provision is made to apply surtaxes after specified volumes of imports are reached—that is the tariff rate quotas—and the Customs Tariff is also being amended to broaden the range of measures that can be taken against other countries to enforce Canada's rights under a trade agreement or to respond to actions of another country that adversely affect trade in

Canadian goods and services. Provision is also made to apply surcharges on imports in cases where Canada's balance-of-payments position requires such action.

Finally, the last area of amendment is to the Export and Import Permits Act. It provides authority for the government to place goods on the import control list to gather information. Permits must be issued freely for goods subject to such monitoring.

The bill contains sunset provisions limiting the duration of undertakings and safeguard measures to three years and tribunal findings to five years. Without explicit review and renewal, the measures or findings will lapse.

Honourable senators, let me state again the basic principle of the bill and the setting: Because of the Tokyo round, because of the fact that by 1987 many of our import restrictions will have disappeared and with other nations knowing that is going to happen, we have come up with a plan to deal with, in effect, this new atmosphere in terms of international trade, international customs and countervail duties.

Honourable senators, I have described the background and history of the main provisions of the bill. I would ask for support on second reading.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am sufficient of an optimist to believe that this bill will make some improvement in Canada's commercial and industrial policies and, perhaps, even in our relations with those foreign countries where we do business. But I have to say that I think this bill has a greater significance from the commercial point of view, the industrial point of view, the economic point of view and the international point of view than perhaps one would suspect by looking at it. Mind you, there is a lot of looking to do because the bill is 90 pages in length and is a densely worded document.

I admit that I am a little uncomfortable about trying to deal with a measure of this sort which reached my desk this afternoon. What little I know of it I have gained by a cursory study in the last little while. I speak now, however, because I want to provide the maximum opportunity to have this bill considered by the Standing Senate Committee on Banking, Trade and Commerce because there are parts of it which really do require further examination and explanation before we give our final approval to such a measure.

The bill appears to me to be a bureaucrat's delight, because there are more provisions in it for bureaucratic regulation, bureaucratic administration and bureaucratic decision-making than one usually finds in legislation these days, even though it has become quite customary to concede enormous powers to our masters in the governmental bureaucracy. That part of it alone makes me think that it requires some careful consideration by us. We should examine exactly what those powers are, how they are to be exercised, and, what is more important, what can be done about it by someone who feels aggrieved. That is the danger in passing legislation which provides enormous bureaucratic powers: if a person feels it is not fair, what can he do about it?

[Senator Frith.]

• (1720)

While I think there is a great improvement in this bill with respect to the concept of judicial process and with respect to certain appeal procedures, personally speaking I do not think that it really goes as far as it should in dealing with the problem that we have.

Senator Frith: That is in Part VII.

Senator Roblin: Whatever Part it is in—and perhaps I have overlooked it and I am willing to be corrected—my initial examination of this bill leads me to feel that it is somewhat lacking in that respect.

Senator Frith: I did not mean to correct you. I meant that the provisions to which you refer are contained in Part VII.

Senator Roblin: Very good. When the deputy minister approves of the findings of the Dominion Customs Appraiser and somebody does not like it, he can appeal to the Federal Court. On the first round, it would go to the Tariff Board. If that still gives no satisfaction to the appellant, he can take it to the Federal Court on matters of law but not on matters of fact. My experience has been that it is on matters of fact that the problems arise. That is where disputes occur. When appeal on matters of fact are excluded from the appeal procedure, I think we ought to examine it very carefully. If we choose to exercise our power, which I doubt we will do, we should ensure that such provisions are incorporated into the bill.

Dealing with anti-dumping and countervailing measures, we now have a renamed board. I think it has a better name now, in terms of public relations. It is now called the Canadian Import Tribunal, which sounds much better than the Anti-Dumping Tribunal. The name change cannot help but do good.

Consider, however, what that board has the power to deal with. It has the power to deal with a finding as to whether or not dumping exists. The minister has the power to define dumping. He has the power to define subsidies. This body, the Canadian Import Tribunal, has the power to determine whether the case in question is encompassed within the ministerial or bureaucratic definition. Measured against those definitions, it can rule on the question of dumping and on the question of subsidy. Honourable senators, I suggest that those are necessary functions, but this goes much beyond that.

The Canadian Import Tribunal is also entrusted with dealing with the matter of material injury. It is not only necessary to prove dumping or to have a subsidy, but material injury must also be proven. That is a good thing, because if there is to be any consumer protection at all, then of course this question of material injury to some Canadian manufacturer is important in order that our consumers receive some consideration. There is, however, another concept that this board will handle, and that is called retardation. Retardation seems to mean that if, by importing X from another country, we hinder or retard or hold back production of X by a Canadian company, then that provides grounds for doing something against this importing of X from another country.

Honourable senators, consider how far that concept could be carried if someone wanted to do so. Perhaps it is essential that it should be dealt with, but what bothers me is that, as far as I can see from reading the bill, there is no appeal procedure. If the Canadian Import Tribunal decides that a product is being imported, which process retards the manufacture of that product by somebody in Winnipeg—and that certainly must be a highly subjective judgment—there is no appeal from that decision.

Senator Frith: On matters of law.

Senator Roblin: There is no appeal on matters of law either. If there is provision for an appeal on matters of law, I would be glad to know about it. I did not see such a provision in the bill.

Senator Frith: I believe there could be a review. I think you are technically correct on the question of an appeal. Perhaps we will have something more to say about it in committee.

Senator Roblin: When this bill is studied in committee we could discuss these matters in more detail.

Honourable senators, if there is no appeal from this board on questions of fact, then indeed it has been clothed with very extensive bureaucratic powers. Whatever the case may be, I think it is essential that the procedure be considered, because process in this area is vital. It is necessary that the concept of judicial process be clearly established by means of this legislation. It is necessary that we make sure that the concept of due process is obvious in the procedures that will be followed when dealing with imports from other countries. It is necessary that there be a transparency of process so that people who feel adversely affected by what is done under this act can have some satisfaction in thinking they have a square deal before the law, a square deal before the board or a square deal before the tribunal.

Speaking from some interesting experience in dealing with the Congress of the United States, honourable senators, I have found that one of the main complaints that congressmen have in dealing with Canada on matters of trade is that, so far, Canada has shrouded her decision-making process within what I will call the closed circle of the bureaucracy, and that in the Canadian system the concept of due process is more honoured in the breach than in the observance. I think that this bill improves that situation and I am certainly glad that it does so, because we are going to have enough occasions for differences of opinion between Canadian and American economic interests in the future without adding any new ones. If we can, by means of improving the process under this method, open up the procedure so that it appeals to fair-minded people as being fair, that will be well worth doing. I am encouraged to believe that some progress has been made in that regard by means of this bill.

Honourable senators, now that we have abolished most of our tariffs or have put them on the endangered species list—I believe that by 1987, 90 per cent of our exports to the United States will be tariff-free and about 70 per cent of American exports to Canada will be tariff-free—let us be careful that we do not indulge in the new and fashionable concept of non-tariff barriers. This is a non-tariff barrier bill par excellence, and it has to be used judiciously. In respect of our own people we have a duty to them to see that they are not prejudiced because of "unfair tactics" on the part of other people. But we have to be careful that we do not indulge in "unfair tactics" ourselves. This question is exceedingly important because we are living in a world that is more international in terms of trade than most of us are inclined to think.

I would say, honourable senators, that there are some powers in this bill which seem to me to be curious. I see that very substantial powers are handed to the executive under the Customs Tariff Act. If, in the sole judgment of the executive, some other government has done us dirt or has been unfair to us, that executive can suspend or withdraw the rights granted to that other country to trade in Canada, even if those rights are given by an act of Parliament. Therefore, in this bill we are conveying to the executive the right to abrogate an act of Parliament. While there may be good and substantial reasons for this, they are not obvious. It seems to me that in committee we should ask for an explanation as to why such a drastic power is necessary. Furthermore, the bill provides that in conjunction with that provision we can subject any class of goods, which we think some foreigner is cheating on, to a surtax of a very substantial amount, or, if we really get tough, we can put him on the import control list and not let him in at all. I should point out that orders made under this section are not subject to the control of Parliament. They do not expire. They are good for as long as the Order in Council covering the matter stipulates. The minister has to lay a statement before Parliament, but that is all.

Honourable senators, it seems to me that if an act of Parliament is abrogated, we should be a little more conscious about the way in which it is done and the powers that are given to Parliament to deal with this matter in the proper way. So that is a power which strikes me as being unusual, or, if it is not unusual, it certainly should be. I believe it requires a good deal of justification.

• (1730)

There is another measure in here that also caught my eye. It reminded me of President Nixon in 1972 and how much we resented what he did to us when he put the 10 per cent surtax on the import of Canadian goods because of balance of trade and balance of payments problems. We also give our government the power to do that. The bill says:

> Where—to the satisfaction of the Governor in Council, on a report of the Minister of Finance, that Canada's external financial position and its balance of payments are such as to require special measures respecting Canadian imports, . . .

And so on. If the Governor in Council thinks that happens to be the case, they can then put surcharges on every form of

import that this country knows. It is not limited to any particular sort. It is sweeping. It covers it all, and it does not even say "You have to treat them all the same". You can treat them differently, if you like. Honourable senators can see that a measure of that kind, particularly without reference to Parliament in the first instance, is fraught with problems, if it is used in an injudicious manner.

Senator Frith said quite rightly that this is good for half the year only. After that these measures expire unless Parliament reconfirms them. This is a point on which I would like some clarification when the bill is in committee. These are powers of executive initiative of a quite extraordinary character, and when we combine them with all of the other powers in this bill, if we had a government that was inclined to be autarchic, or one that did not like continentalism, or one that went overboard on Canadian nationalism, and things of that sort, we can easily see how effectively they could take control of our international trading situation. From conversations and experience I have found out that these matters cannot be considered solely as matters of domestic interest. I accept that fundamentally they are of domestic interest, and that the government has a fundamental responsibility to the citizens and to the domestic situation; but we cannot deal with these measures without being aware of the fact that other people know what we are doing and that there are consequences.

The kind of thing that obviously comes to mind are the problems we are facing with the United States these days in respect of their own legislation much the same as this; and one need only refer to the situation respecting the exportation of Canadian steel products to the United States to know what I am talking about. So this is a bill that is not of domestic application only, but is one which if used to any considerable degree will impinge on our trade with the United States. While I am all in favour of fair rules for Canadians, of legitimate protection where we are in an unfair situation—make no mistake about that—I am not advocating that there should be no rules or any procedures of this kind. I think there should be. I am simply saying that there are international implications which certainly cannot be lost sight of. I am saying—to myself, at any rate—that if we want the Americans to listen to us on steel, we had better make sure that we listen to them when they have problems to which they want some attention paid.

I conclude my remarks by saying that I will support the bill on second reading and also on having it referred to committee. Despite the long gestation—or birth pains—of this bill, and the serious study that has taken place elsewhere, I hope there can be a meaningful meeting of the committee. I regret that the meeting cannot be held immediately. I am sure the chairman of the committee will agree with me that there is more than an hour's work involved in the study of this bill—but "needs must when the devil drives". Under those circumstances, I am prepared to vote for the bill on second reading.

[Senator Roblin.]

Senator Frith: Honourable senators—

The Hon. the Acting Speaker: I have to advise honourable senators that if Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, I have little to quarrel with in what Senator Roblin has said. In fact, I congratulate him on underlining a dimension to all such legislation and schemes, namely, that there is a tendency to say, "Why should we worry about anything that we do to alleged foreign dumpers? All we need to be concerned about is the protection of our own industry."

As the honourable senator has pointed out, there is also the interest of the consumer in being able to take advantage of competitive prices. The honourable senator is also quite right in saying that this legislation is weighted in favour of the domestic industry. He is right also in that there are a number of unusual powers to bring that about.

Because all nations, and our trading partners, will be operating in a different atmosphere, the purpose of the bill is to ensure that we are playing with the same tools or weapons. That is the objective. But it may well be that in some cases we have gone too far. In any event, I believe it is quite reasonable for Senator Roblin to ask that we have an opportunity to discuss some of these provisions in detail, to be sure that they are necessary to support the purpose of the bill, and also to ensure that the provisions have not gone too far. Therefore, if the bill receives second reading, I propose to move that it be referred to committee.

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?

Senator Frith: Honourable senators, I move that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

Senator Frith: Honourable senators, I believe that Senator Barrow is arranging to have the committee meet some time tomorrow morning. Leave will be sought to allow the committee to meet while the Senate is sitting.

NATIONAL FLAG OF CANADA MANUFACTURING STANDARDS BILL

SECOND READING

Hon. John M. Macdonald moved the second reading of Bill C-234, to establish standards for the manufacture of the national flag of Canada.

He said: Honourable senators, Bill C-234 is quite short, and the explanation will be just as short.

Some Hon. Senators: Hear, hear.

Senator Macdonald: The purpose of the bill is to have the Canadian General Standards Board establish standards for the manufacture of our national flag, corresponding, of course, to its intended use. Obviously different standards will apply to the manufacture of flags to be used outdoors in all kinds of weather, as opposed to those that are to be used indoors for special occasions.

The need for some standards is self-evident, after one sees flags flying that have deteriorated—if that is the proper term to use. Their colour has faded or the edges are worn and torn and they present a shabby appearance. Apparently there are no standards to be followed. Of course, if the flags are new, there is no way of judging the material or the dyes used in their manufacture. If the flag should deteriorate rapidly, the purchaser has no redress.

● (1740)

Honourable senators will notice that the bill does not impose the proposed standards on flag manufacturers. What it does is protect the purchaser by providing that flags manufactured in compliance with the standards established shall bear a mark identifying the flag as meeting those standards. All the purchaser of a flag will have to do if this bill becomes law is to make sure the flag he buys has that mark. If he buys a flag which does not have that mark, then he can blame none but himself if the flag deteriorates in a short time. There is also a provision which would make it compulsory, after the act has been in force for two years, that all government departments and crown corporations purchase only flags bearing that identifying mark. That is very important, for I understand that such departments and corporations use a great many Canadian flags.

Honourable senators, while this bill was introduced in the House of Commons by an opposition member, after only one amendment it was accepted by the government and was supported by all members of that house. I may add that it was passed rapidly in all stages, and I ask for your support in its speedy passage here.

If I may digress for a moment, it is interesting to note that the use of the Canadian flag is becoming more and more general. This has been encouraged by the Department of the Secretary of State, which each year, usually in the month of June, makes available to all members of Parliament a number of pole flags and desk flags. I know that the pole flags in particular are in great demand and I for one can never supply all the requests I receive for them, even though I get the maximum number provided and some extras from other senators. I would also add that I would be quite pleased to receive any additional flags if honourable senators see fit to pass them my way. The Department of the Secretary of State should be commended for providing these flags, and I hope it continues the practice. I believe this is a good bill and I ask that you support my motion for second reading.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we believe it is a good bill and we give it our support.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Macdonald: 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 Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

AGRICULTURE, FISHERIES AND FORESTRY

MOTION TO AUTHORIZE EXAMINATION OF ONGOING EFFECTS OF RESTRUCTURING ON FISHING INDUSTRY—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:
>
> That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the ongoing effects of the restructuring of the fishing industry in Atlantic Canada—(*Honourable Senator Frith*).

Hon. Jack Marshall: Honourable senators, before we stand this order, I would like an explanation as to why nothing has happened with it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like an opportunity to talk to Senator Marshall about this order and we can deal with it tomorrow, if that is satisfactory.

Order stands.

BUSINESS OF THE SENATE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if my honourable friend, the Deputy Leader of the Government, has any new information for us about the bills we may expect tomorrow.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we may receive some bills later in the

day tomorrow, but at the moment the bills which the other place is dealing with are the three I mentioned, the bills on the peace institute, the offshore and interest. At the moment, I have no more information than I gave earlier today. I am about to suggest that we revert to motions so that I may move a motion that we sit tomorrow at 11 a.m. We can clean up any business we have by noon and, perhaps, have Royal Assent on the bills that are ready. I see no prospect of receiving any bills between now and noon tomorrow, but there are a couple of orders which Senator Macdonald would like to speak to and we can use the time tomorrow for that purpose.

Senator Roblin: I want to be quite clear that I understand my honourable friend. There is a possibility that we will have no new bills tomorrow morning at 11 o'clock?

Senator Frith: That's correct.

Senator Roblin: Is my honourable friend suggesting that there will be Royal Assent tomorrow?

Senator Frith: If by noon tomorrow there are a number of bills ready for Royal Assent, I shall suggest that we have Royal Assent given to those bills and if nothing else comes over we may not need to have another Royal Assent after that.

Senator Roblin: I do not wish to interfere with the way my honourable friend conducts the business, but why have Royal Assent twice when one Royal Assent on Friday would be adequate?

Senator Frith: It may not be necessary to have two.

Senator Roblin: I hope not.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Thursday, June 28, 1984, at 11 o'clock in the forenoon.

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

Hon. Senators: Agreed

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Thursday, June 28, 1984

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

Prayers.

THE SENATE

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there is a cabinet meeting in progress at this time, so our colleagues who are members of the cabinet will join us later.

RADIATION EMITTING DEVICES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Stanley Haidasz, for Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Thursday, June 28, 1984

The Standing Senate Committee on Social Affairs, Science and Technology presents its

SEVENTH REPORT

Your Committee to which was referred Bill C-5, intituled: "An Act to amend the Radiation Emitting Devices Act", has in obedience to its Order of Reference of Wednesday, June 27, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL
Chairman

THIRD READING

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

Hon. Stanley Haidasz: 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. Senators: Agreed.

Motion agreed to and bill read third time and passed.

WESTERN ARCTIC (INUVIALUIT) CLAIMS SETTLEMENT BILL

REPORT OF COMMITTEE

Hon. Stanley Haidasz, for Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Thursday, June 28, 1984

The Standing Senate Committee on Social Affairs, Science and Technology presents its

EIGHTH REPORT

Your Committee to which was referred Bill C-49, intituled: "An Act to approve, give effect to and declare valid the Agreement between the Committee for Original Peoples' Entitlement, representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada and to amend the National Parks Act in consequence thereof", has in obedience to its Order of Reference of Wednesday, June 27, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

M. LORNE BONNELL
Chairman

THIRD READING

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

Hon. D. G. Steuart: 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. Senators: Agreed.

Hon. Paul Yuzyk: Honourable senators, there was a very useful exchange of views and critical remarks on Bill C-49 in committee, during the course of which many matters were clarified. The bill was then approved without amendment. The Inuvialuit Agreement between the Committee for Original Peoples' Entitlement and the Government of Canada, approved by the Governments of Yukon and the Northwest Territories and by 81 per cent of the people of this region, will now become law.

We should like to congratulate our versatile colleague, Senator Steuart, for his contributions in the final negotiations which achieved the significant settlement.

Hon. Senators: Hear, hear.

Senator Yuzyk: Undoubtedly, it will be a model for other aboriginal peoples to follow. The Inuvialuit wanted a collective agreement which has now been approved by Parliament. If they want any subsequent improvements this will have to be done through the Committee for Original Peoples' Entitlement—COPE—whose chairman appeared before the Senate committee meeting yesterday together with officials of the Department of Indian Affairs and Northern Development and the Department of Justice.

The Inuvialuit have won a large measure of autonomy. They will be running most of their own affairs within Canada. Having been in their region three times with the Special Committee of the Senate on the Northern Pipeline, I feel that I gained a good understanding of their problems and aspirations. I am sure that honourable senators, including Senator Willie Adams, who worked hard on their behalf, will join me in extending to the Inuvialuit our very best wishes for a happy and prosperous life in freedom and security.

Hon. Senators: Hear, hear.

Hon. D. G. Steuart: Honourable senators, I should like to thank Senator Yuzyk for his kind remarks. It is not quite true to say I was the one who accomplished the final act. Many people in the Native Claims Office, including the COPE negotiators, helped to bring it to the ten-yard line, but it was due to the efforts of Simon Reisman and others that it got carried over the five-yard line.

I am very pleased that this very important piece of legislation is going to receive Royal Assent, and I am sure I express the sentiments of all honourable senators when I say that this will be a new step for the Inuvialuit of the Western Arctic, and that it will set a pattern for the other ten comprehensive claims that are now in the process of being negotiated.

Motion agreed to and bill read third time and passed.

• (1110)

SPECIAL IMPORT MEASURES BILL

REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, June 28, 1984

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred Bill C-8, intituled: "An Act respecting the imposition of anti-dumping and countervailing duties, to amend the Currency and Exchange Act, the Customs Tariff and the Export and Import Permits Act and to repeal the Anti-dumping Act", has, in obedience to the Order of Reference of Wednesday, June 27, 1984, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. BARROW
Chairman

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government): 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. Senators: Agreed.

Motion agreed to and bill read third time and passed.

[*Translation*]

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, could the Deputy Leader of the Government report to the Senate on what may happen in the other place?

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we have now had third reading of all legislation sent to us up to this point.

Last evening, Bill C-34, to amend the Canada Labour Code and the Financial Administration Act, was passed by the House of Commons. There was some amendment of the bill, and I have not yet received a copy as passed by the House of Commons, but I hope to receive it later today.

I also expect that later today we will receive Bill C-33, to amend the Western Grain Stabilization Act.

Senator Flynn: Why did we not receive a message from the House of Commons concerning Bill C-34?

Senator Frith: The bill, as passed on third reading, is being reprinted.

Senator Flynn: A message could have been given to the Speaker.

Senator Frith: It could have been, but we requested that reprinted copies of the bill, encompassing the amendments, be sent to us.

Hon. Duff Roblin (Deputy Leader of the Opposition): Were any amendments made to the bill to amend the Western Grain Stabilization Act?

Senator Frith: I am not sure. I have been told that copies of the bills as passed by the House of Commons will be sent to us later today. Today, I understand, Bill C-32, to establish the

Canadian Institute for International Peace and Security, will be passed by agreement in the other place. There is also agreement that Bill C-43, respecting the Canada-Nova Scotia Agreement on Offshore Oil and Gas Resource Management and Revenue Sharing; Bill C-30, to amend the Bank Act; and Bill C-36, to amend the Interest Act, will also be passed. I might add parenthetically that Bill C-36 is a companion piece to Bill C-37, which the Senate has now passed. That will be it, with the exception of Bill C-24, to amend the Financial Administration Act in relation to crown corporations. Honourable senators will remember that there has been a good deal of controversy over its application to cultural institutions. I heard on the news this morning that Mr. Gray, the President of the Treasury Board, agreed that the bill would not apply to those cultural institutions. Therefore, there is a good chance of agreement in the other place to deal with that bill either today or tomorrow. Friday, there will be some non-controversial bills passed in the House of Commons.

Hon. Martial Asselin: Are there any?

Senator Frith: I hope so. I make the distinction because the bills that I referred to earlier are controversial ones upon which agreement has been reached.

As for today, honourable senators, the plan is to dispose of all the legislation that we have passed by having Royal Assent this morning. I will then move that the Senate adjourn until 2, at which time we will deal with the two bills that I mentioned, namely, Bill C-34 and Bill C-33. If we get any more legislation this afternoon—Bills C-32, C-43, C-30 or C-36—we may decide to sit tonight. Tomorrow we will deal with whatever legislation we have before us at that time.

It is planned that the House of Commons, after completing whatever legislation it is able to complete, will adjourn to wait for as long as is necessary for the Senate to deal with that legislation, after which the two houses will join for Royal Assent.

Senator Asselin: We may have to sit next week.

Senator Frith: There is always that possibility.

Hon. Jacques Flynn (Leader of the Opposition): Has the deputy leader any idea as to when the house will indicate that it will not pass any more bills?

Senator Frith: No, I have not. Incidentally, honourable senators, in considering that program, we could, if necessary, revert to Question Period this afternoon at 2 o'clock when the ministers are here, in case there are questions to put to them. Of course, that would not preclude us from continuing with Question Period now.

Senator Flynn: We could do that, but I doubt that it would be useful to put any questions to the outgoing ministers.

Senator Frith: I had a feeling that I should not have mentioned that.

NATIONAL HOUSING ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-37, to amend the National Housing Act.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the motion is carried, perhaps I might offer a comment or two based on the proceedings in committee, which I think were enlightening.

When this bill was first proposed by the minister in the other place, he was quoted as saying, and I use his words:

> Since the program was announced on budget night we have conducted intense consultations with the lending institutions and others who will be involved in delivering mortgage rate protection and we believe we now have a program which will suit the needs of all homeowners.

I must say that I took that statement at its face value when I first heard it. I am now far less certain that it really takes care of the interests or the needs of all homeowners. In fact, it will probably be limited to a very small group indeed.

• (1120)

The question of the benefits that are available to mortgage holders is of primary importance. That is the reason for the bill. We find that whatever the initial rate of interest may be, if on renewal it has risen, let us say, 2 points—that is, 200 basis points—from 14 per cent to 16 per cent, then that risk is carried entirely by the person who signed the mortgage. If it goes over the 2 per cent limit, the insurance policy then cuts in to the extent of 75 per cent of the extra payment over the 2 per cent. What does that mean in terms of dollars?

Senator Frith: And up to 10 points.

Senator Roblin: My honourable friend is right. But surely he is not anticipating that the rate will go over 25 per cent. The mortgage rate today is 15 per cent.

Senator Frith: I am trying to point out that it has that additional limitation. But, again, I am sorry that I brought it up.

Senator Roblin: My honourable friend is perfectly correct. There is this 10 per cent limitation, but surely that was put in by someone with a high sense of fantasy, because I do not believe that those of us on this side of the house are looking forward to a mortgage interest rate of over 25 per cent. In fact, we are looking for increases of much less than that.

Let us suppose there were a 3 per cent increase, which perhaps is a reasonable expectation as being the ceiling. We were told by the Governor of the Bank of Canada in his speech in Charlottetown the other day that we need not worry about the 20 per cent rates we were looking at a few years ago. And that was repeated by other gentlemen of some authority. It seems to me that a 3 per cent increase in the mortgage rate is not a bad place to start one's calculations. If one has a mortgage for $70,000—that is the maximum one can insure here—and the rate goes up 3 per cent, what does one get out of

it? The extra cost of the monthly payment is $151. The insurance premium will cover only $38 of that. So the balance is left to the co-insurer, the mortgage holder, to pay himself. If honourable senators work that out on an annual basis, they will find that the amount of protection is really not great at that rate. So one has to understand what is the extent of the relief. It is that on the basis of a $70,000 mortgage and an increase of 3 per cent in the mortgage rate, the monthly benefit is $38 to be applied against the $151 increase.

I do not belittle that. That in itself is not a bad thing, and I believe the house as a whole would agree that we could not oppose the bill on that ground. But it is necessary to understand just what the weight of this protection really is.

What is the cost? Thirty per cent of mortgages in Canada today are written for a one-year term. If one had such a mortgage, one would pay out $1,070 by way of premium—which is 1.5 per cent on the total of $70,000—and one would get back, on the example I am using, $476. So that does not sound like a very good deal. On a one-year mortgage, one would pay out $1,070 by way of premium and get back $476 by way of protection.

Let us move on. Let us suppose that one had a mortgage with a three-year term—and most of the mortgages in Canada are written for three years. Approximately 50 per cent are written for that term. One would still pay the same premium. That is the curious part. It does not matter what the term of the mortgage is, one pays the same premium. The premium is $1,070, and the protection is $1,428. That is looking a little better. If one were a five-year mortgage holder—and 20 per cent of mortgage holders are in that category; it is the smallest category—one would pay out $1,070 and get protection to the extent of $2,380. That looks much better.

So we would have to assume that it is unlikely that anyone who has a term shorter than five years would be much attracted by this protection. Even in that case, if you took your $1,070 and applied it against the principal of your mortgage and took into account the compound interest you would save if you had made that prepayment on the mortgage principal, you would still be just as far ahead as if this bill was never enacted. So I think we have to say that the minister's statement that it suits the needs of all homeowners is, to put it charitably, something of an exaggeration. I am not opposed to this bill and maybe it will do some good but I think that the area in which it will be of some use is rather limited and we should be aware of that fact.

Another point raised in committee was whether or not the insurance plan was self-supporting and, if not, was there an element of subsidy. The government has calculated, according to the information given to us by the sponsor, that a premium of 1.5 per cent should make the plan self-supporting, which is not a bad idea. It seemed to me that we should have an explanation of how that 1.5 per cent premium was arrived at, so I asked the minister and his staff in committee to give us the assumptions on which this 1.5 per cent premium was based, in order to come to some judgment as to whether it was a self-supporting plan. I have to report that I got absolutely no answer from either of the gentlemen present. I asked them the question twice but I thought it would be impolite to ask a third time and so I stopped asking it. We received no answer whatsoever as to how the 1.5 per cent rate was arrived at or what bearing it had on the question of a self-sufficient or subsidized program. In terms of its impact on the budget or on mortgage holders, I am afraid many people will be rather disappointed as the relief provided will not measure up to the early advertising.

Another provision in this bill that deserves mention is one that provides for the establishment of a system of mortgage-backed securities. In other words, companies could sell securities to the investing public based on their mortgage portfolio and the investor would get each month his share of interest and principal. It is considered that this might be an attractive investment. One of the purposes of this proposal was not only to provide that form of investment for the investing public but to increase the pool of money available for home mortgages, which is desirable. I asked some questions about this in committee. My questions were: What are you going to sell this for? What is the spread? These securities will be sold in competition with other securities. If the mortgage rate is 14.75 per cent, which is the rate we used in the committee, I was told that the spread would be 1 per cent. In other words, the people selling these investments to the public—the people handling the bookkeeping conversion and all the rest—would charge 100 basis points or 1 per cent to cover their costs and to pay their staff. That means that the mortgage would be sold to the public at 14.75 per cent minus 1 per cent, which would be 13.75 per cent. When you can buy a Government of Canada bond for 14 per cent right now, it seems to me that the prospects for this mortgage pool are not as bright as one would hope. I am not quite sure what one should do about that because it is not an easy question to settle. However, it seems to me that it is quite likely that the success of this plan as an attractive investment to people who want to put their money in RRSPs or something of that kind may not be very great. I hate to be so negative about this provision but I am really not convinced that it means very much. If I am wrong—and time will tell—I will be glad to admit that my judgment was faulty.

More consideration should be given to the question of a homeowner who has sold his house and taken back a mortgage. Can he contribute his mortgage to this fund and in that way take part in it? Whether or not there is any advantage in his doing so, is perhaps something that needs further investigation. As the situation stands at the present, I think he is out of bounds. It seems to me that if there is any merit in the idea there should be some possibility of including these "take-back" mortgages since a great deal of the mortgage financing in this country is done on that basis. Therefore, a large portion—

• (1130)

Senator Frith: I would not say a large portion of first mortgages are taken back; there are a great many second mortgages taken back as well.

Senator Roblin: My honourable friend may be right. I would have to agree with him that with respect to first

mortgages it would not be such a significant factor. That brings up the point that the whole of the scheme is based on first mortgages which, in turn, is a limiting factor.

None of these considerations will persuade me to oppose the bill because I think it is worth a try. It seems to me that modest claims—and only modest ones—should be made for its effectiveness in helping people who are confronted with increasing mortgage rates. Also, I think only modest expectations should be aroused as to its effectiveness in providing a pool of capital to supply mortgage funds.

Hon. Senators: Hear, hear.

Senator Frith: Honourable senators will remember that the meeting of the committee which dealt with this bill took place while the Senate was sitting. Therefore, I have to take Senator Roblin's word for what was said, and I do so without hesitation.

Senator Roblin is quite right in his calculations regarding one-year mortgages. However, as mentioned in the speech moving second reading, the hope of the government and the expectation for the plan is that because of the way it will operate in the market it will make longer term mortgages more common. As he quite fairly pointed out, the longer the term of the mortgage the more attactive the scheme becomes.

Senator Roblin: And the higher the rate.

Senator Frith: With respect to the spread between the two, it is an insurance scheme. As Senator Roblin pointed out, in effect the first 2 points are a deductible portion, as happens with many insurance schemes.

With respect to the mortgage-back investments, obviously the government holds more hope for the impact and advantages which will flow from that system in terms of money coming into the market. Senator Phillips asked me a question with respect to the mortgage-back element and I put on the record the three reasons for the government's view that they ought not to be included. Therefore, in general, I find Senator Roblin's assessment of these aspects somewhat pessimistic, and he admits that it is. As Senator Phillips pointed out during the debate on second reading of this bill, I tend to be more optimistic, especially with regard to anything occuring under a Liberal administration.

Hon. Jacques Flynn (Leader of the Opposition): That is well put.

Senator Frith: For that reason I have higher hopes for the success of this plan. However, I do agree that if the minister said that this is a scheme which will meet the needs of all homeowners, then that does seem a bit ambitious.

Senator Flynn: It will be interesting to see Senator Frith's perspective after the next election.

Motion agreed to and bill read third time and passed.

OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING

Hon. Peter Bosa moved the third reading of Bill C-40, to amend the Old Age Security Act.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

28 June 1984

Sir,

I have the honour to inform you that the Right Honourable Brian Dickson, Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 28th day of June, 1984, at 12.00 noon, for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

At 12.00 noon the sitting was resumed.

ROYAL ASSENT

The Right Honourable Brian Dickson, Chief Justice 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 Speaker, the Right Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to implement a convention between Canada and the United States with respect to taxes on income and on capital (*Bill S-14 Chapter No. 20*)

An Act to establish the Canadian Security Intelligence Service, to enact An Act respecting enforcement in relation to certain security and related offences and to amend certain Acts in consequence thereof or in relation thereto (*Bill C-9 Chapter No. 21*)

An Act to amend the Customs Tariff (*Bill C-7 Chapter No. 22*)

An Act to amend the Radiation Emitting Devices Act (*Bill C-5 Chapter No. 23*)

An Act to approve, give effect to and declare valid the Agreement between the Committee for Original Peoples' Entitlement, representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada and to amend the National Parks Act in consequence thereof (*Bill C-49 Chapter No. 24*)

An Act respecting the imposition of anti-dumping and countervailing duties, to amend the Currency and Exchange Act, the Customs Tariff and the Export and Import Permits Act and to repeal the Anti-dumping Act (*Bill C-8 Chapter No. 25*)

An Act to amend the National Housing Act (*Bill C-37 Chapter No. 26*)

An Act to amend the Old Age Security Act (*Bill C-40 Chapter No. 27*)

An Act to establish standards for the manufacture of the national flag of Canada (*Bill C-234 Chapter No. 28*)

The House of Commons withdrew.

The Right Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned during pleasure.

At 2 p.m. the sitting was resumed.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-32, to establish the Canadian Institute for International Peace and Security.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

CANADA LABOUR CODE FINANCIAL ADMINISTRATION 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-34, to amend the Canada Labour Code and the Financial Administration Act.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*English*]

WESTERN GRAIN STABILIZATION 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-33, to amend the Western Grain Stabilization Act.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

CANADA LABOUR CODE FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

Hon. Lorna Marsden moved the second reading of Bill C-34, to amend the Canada Labour Code and the Financial Administration Act.

She said: Honourable senators, this is my first opportunity to say what an honour it is to join distinguished colleagues on both sides of this chamber as a member of the Senate. I should also like to express my gratitude to the Canadian women from western Canada who fought the *Persons* case and made it possible for members of my sex to be appointed to this chamber. I hope to be able to make contributions to Parliament and to this country on many issues and in many ways, but it would not be possible to be here to do so if the trail had not been blazed and the principles of equality of opportunity

staked out by generations of Canadian women from all walks of life who have fought eloquently and persistently for us all, some of whom are now, or have been, in the Senate.

It is with great pleasure that I speak to Bill C-34, which responds to some of the many needs of workers, men and women, in Canada. I congratulate the Minister of Labour, the Honourable André Ouellet, and his colleagues, for introducing this progressive legislation which opens up the path to improvements in many aspects of working life, and which shows his commitment and that of the government to recognizing the economic realities of the 1980s while advancing the cause of equality in the work place. He reinforces the commitment of the government to safety and health on the job, and this legislation improves the functioning of our industrial relations system, a system which is vital to economic and social progress in Canada.

As honourable senators know, the Canada Labour Code is the main body of federal legislation governing relations between employers and employees. Although only 600,000 workers are subject to the code, it has traditionally shown the way for labour legislation across the country. In other words, the demonstration effect of the code has always been significant.

Honourable senators, I want to congratulate the minister for the extensive consultations he had with various interested groups and individuals. I understand that he, or his officials, met with approximately 40 labour organizations and major employer groups in the country. This process of consultation is particularly important in the area of labour relations where the support of the participants is absolutely crucial for the smooth functioning of the system. The result of these consultations is obvious: We have a bill before us which has substantial public support as evidenced by the willingness of Conservative and New Democratic members of Parliament to act expeditiously on Bill C-34.

Whether we like it or not, western societies will change rapidly in the years ahead. The momentous developments in technology virtually guarantee that. However rapid the pace of change, our job as legislators remains essentially the same—to ensure, among other things, that everyone receives equitable treatment.

One of the ways we can do this is through labour legislation that is responsive, that gives the partners the latitude to resolve their differences themselves and that is consistent with economic and social realities.

One of the social realities of the 1980s is the changing composition of the work force. From 1951 to 1980, the female component of the labour force went from 22.2 per cent to 40.1 per cent. In 1980 the female participation rate edged over 50 per cent. This massive entry of women into the world of work has forced individuals to re-examine their value systems and governments to redesign public policies.

As many people now recognize, breaks in employment due to child bearing and child care reduce seniority levels for women, adversely affect opportunities for their promotion and hinder eligibility for employment benefits. The case, therefore, for the Part III reforms to the code is compelling. They represent a serious effort on the part of the federal government to help workers reconcile the conflict between family and career responsibilities.

I should like now to discuss briefly some of the proposed amendments. At the present time female workers must be with an employer for 12 months before being eligible for pregnancy leave. It is proposed that this qualifying period be reduced to six months as a way of acknowledging the changes which have occurred in female labour-force participation patterns.

● (1410)

In other words, as women continue to display strong employment histories, the need for specifying a lengthy qualifying period in the legislation has become redundant.

Currently, entitlement to leave is confined to pregnant employees. Natural fathers and parents who have adopted children are not eligible for any period of leave to carry out child-care responsibilities. In order to facilitate a sharing of child-care duties, the government proposes an additional 24 weeks of unpaid child-care leave, with entitlement extended to both parents, whether natural or adoptive.

Other changes will protect employees upon their return to work by providing them, while on leave, with seniority accrual, benefit coverage, and entitlement to training and promotion information.

Another major concern the government has addressed is sexual harassment in the work place. A new set of provisions is being proposed to increase employers' involvement in the deterrence of sexual harassment at work. Employers will be required to develop and publicize to their employees a statement of policy which specifically addresses sexual harassment. This policy statement would contain a clear definition of the kinds of conduct considered to constitute sexual harassment, and clearly indicate the employer's intention to make all reasonable efforts, including taking disciplinary action, if necessary, to ensure that sexual harassment does not occur.

I would now like to turn, honourable senators, to the proposed amendments to Part IV of the code concerning occupational safety and health, an area that is unquestionably one of the most important labour issues of today, and requires urgent action on our part. In Canada, figures for 1982 indicate that more than 15 million work days were lost due to accidents at the work place, more than two and a half times as many as were lost due to strikes and lockouts. Compensation costs for industrial injury and disease in Canada reached almost $2 billion in 1981, with indirect costs estimated at an alarming $8 billion. This, in our view, is a totally unacceptable record. The human suffering is obvious and must be addressed as immediately as possible. The economic and productivity consequences are also enormous.

It is vitally important that our society, which places so much emphasis on work and on earning one's own way, make every effort to ensure that its work places are as hazard-free as possible. We must remove the conditions that make work life-diminishing rather than life-enhancing. As legislators, we

must display our commitment to the safety and health of our workers.

As a first step, the government is proposing a change in the way safety and health programs are structured. At present, the division of federal legislative authority among numerous statutes leads to uncertainty and to a patchwork of protection. Eliminating this fragmentation has been repeatedly called for by, among others, the Special Committee of the House of Commons on Regulatory Reform, the Economic Council of Canada and many labour organizations.

To meet this need, the bill will extend equal rights for occupational safety and health to all employees in the federal jurisdiction, meaning some 300,000 additional workers. The government is proposing, in effect, that Part IV be extended to cover employees on ships, aircraft and trains, those operating interprovincial pipelines and those drilling for oil and gas off our coasts and in the north. I should add that existing procedures for ensuring operating and public safety will remain unchanged.

As well, through amendments to the Financial Administration Act, the federal government will cease to be a self-regulating employer. For the first time, the government, as an employer, will be subject to the obligations imposed by Parliament, and federal public servants will benefit from the same rights as employees in the private sector.

Bill C-34 also calls for more active worker and management participation in the monitoring and enforcement processes in safety and health matters. It calls for the establishment of more effective communications systems in the work place, to ensure that the "voice of concern" on health and safety is heard, and that corrective action is taken.

The new provisions concerning safety and health representatives and mandatory labour-management committees are two examples of how this increased participation and responsibility are to be effected. The proposal to establish a national advisory council on occupational safety and health clearly demonstrates the government's intent to guarantee all interested parties not merely a voice, but a significant role in the formulation of policy, as well as in the regulatory and program development process. In all work places where more than 20 persons are employed, workers and managers will sit jointly as members of safety and health committees and, in smaller offices and workshops, workers will be able to speak through an officially appointed safety and health representative.

Members of the national advisory council will be appointed from the employee and employer sectors to provide advice directly to the Minister of Labour.

In essence, the revised act emphasizes the need for the resolution of safety and health problems in the work place by those most directly affected, namely, employers and employees.

Another amendment to Part IV concerns the right to refuse work in cases of unacceptable danger. When it was proposed that employees should be given the right to refuse work dangerous to their safety or health, there was concern that the right might be abused. The wording of the act was, therefore, chosen very carefully to limit the possibility of abuse.

Experience in both the federal and provincial jurisdictions has shown that workers have utilized the provision in a responsible manner. The wording of Part IV, however, particularly the expression, "imminent danger," has created confusion as to what work can or cannot be refused. In the interests of clarity, the qualifier, "imminent," has been dropped, and a definition of "danger" added.

As well, the provisions dealing with normal occupational hazards and situations where public safety precludes the exercise of this right have been re-worded to ensure compatibility with the extended scope of application.

The enforcement provisions and the policy for administering them have been revised, with the goal of enhancing compliance with Part IV and thereby preventing occupational injuries and illness.

Honourable senators, I should like to turn now to the proposed amendments to Part V of the Labour Code, that is, those changes dealing with industrial relations and collective bargaining.

I want, first, to emphasize our faith in the collective bargaining process as the best method for working Canadians to secure some form of economic democracy and to gain a fair and just wage. Without a doubt, it is one of the great social inventions of our time.

Of course, there can sometimes be a good deal of tension surrounding the negotiating table, but this is not necessarily bad. It seems to me that the clash of demands that occurs at the bargaining table is primarily an indication of the quality of work place democracy, not a sign of social breakdown. In any event, in a free society, would it be realistic to establish rules for the elimination of conflict? I think not.

Government need not stand idly by and watch as the economic partners go at each other. On the contrary, it can and should try to improve the framework within which collective bargaining is conducted. It can also root out some of the causes of industrial strife. This is a proper role for government.

With respect to the Canada Labour Relations Board, the bill proposes a number of administrative changes in order to unclog the system and reduce the amount of red tape with which parties must contend.

Bill C-34 also makes changes to the fair representation clause of the code. At present, this clause requires that unions represent all members of the bargaining unit fairly. This is not unreasonable, considering that individuals and minorities within larger groups always require the provision of protection.

However, there is a need to balance the rights of the individual with the rights of the organization. In recent years, the grievance arbitration systems have become cluttered as individual union members have resorted, in increasing numbers, to the fair representation clause of the code. To remedy this, the amendment proposes to adopt the proscriptive language used in some provincial jurisdictions, which simply stipulates that unions must not act in a manner that is

arbitrary, discriminatory or in bad faith in the representation of the employees. Despite this change, I am confident that the rights of the individual union member are secure.

• (1420)

Another reform that the Minister of Labour is proposing has to do with technological change. Under the new arrangement, employers will have to give bargaining agents a minimum of 120 days' notice of their intention to introduce a technological change. This is an increase from the 90 days' notice presently required. In addition, the union will be able to request further details of the planned change from the employer.

Honourable senators, we should not underestimate the importance of these changes. I think they represent a clear indication on the part of the government that it will not allow workers to be swamped by the tidal wave of technology, and that, despite the desirability of technological advance, it wants employers to consult fully with those who will be most affected by it.

The final amendment I would mention requires the inclusion in all collective agreements of a compulsory union dues check-off clause. Commonly called the "Rand Formula", such clauses require all employees in a bargaining unit to pay an amount equal to regular trade union dues through payroll deduction, whether or not they are members of the trade union which represents the bargaining unit. We have also agreed to propose a "conscience clause" in the context to permit bona fide religious objectors to direct an amount otherwise payable as union dues to a recognized charity.

The business community has not been as effusive in welcoming this measure as some of us on this side of the chamber, but I believe it will come to realize the social necessity of the reforms and adapt accordingly, for it is in the employers' own interest to have a collective bargaining system that functions smoothly and a work force that feels its legitimate needs are being met.

In sum, I am convinced that the amendments under discussion today represent ideas whose time has come.

On motion of Senator Muir, debate adjourned.

WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Second reading of Bill C-33, intituled: "An Act to amend the Western Grain Stabilization Act".—(*Honourable Senator Argue P. C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this matter will have to stand until later today. Senator Argue seems to be otherwise engaged at the moment.

Hon. Jacques Flynn (Leader of the Opposition): Does the honourable senator mean that the cabinet meeting is not over yet?

Senator Frith: I have no idea; I am not a member of cabinet.

Senator Flynn: No, but you should know why the minister is not here.

Senator Frith: The minister was here earlier. I have no idea why he is not here now. He must have been called out on urgent state business.

Senator Flynn: He must be unavoidably absent.

Senator Frith: The problem facing us is that the sponsor of Bill C-32 also is not in the chamber. I suppose everyone thought that Senator Muir was good for a stout half hour's speech and planned accordingly. Perhaps Senator Macdonald would be ready to proceed with one of the orders standing in his name and we can revert to these bills when their champions return.

Order stands.

SENATE REFORM

CONSIDERATION OF REPORT OF SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Special Joint Committee on the Reform of the Senate tabled in the Senate on 3lst January, 1984.—(*Honourable Senator Macdonald*).

Hon. John M. Macdonald: Honourable senators, I am pleased to have the opportunity to speak to order No. 8. I was getting rather nervous; I thought I would not have an opportunity to do so.

At this late date I doubt whether there is much, if anything, I can add to what has already been said either in support of or against the recommendations of the Joint Committee on Senate Reform, but I thought I should mention why I do not support all of its recommendations. Before discussing the matter, I would like to say how impressed I was—and I am sure all honourable senators were—by the work of the committee. Its members undertook and accomplished a great deal of work. Whether one agrees with the committee's conclusions or not, one must be impressed by the sheer volume and depth of its study and research. The joint committee certainly took its mandate seriously and tried to obtain the views of a good cross-section of the Canadian people on this important matter, although I am afraid it only had moderate or, indeed, indifferent success.

Honourable senators, I was interested in how the committee accomplished this. They did so by holding public meetings and by receiving written and oral briefs from persons, organizations and societies. The report of the committee shows that public hearings were held in the capital city of each province and of each territory. Eleven hearings were held in Ottawa. The committee heard testimony from 118 witnesses, whose names are listed in *Appendix B* of the report. Among the witnesses were 15 senators and 3 former senators, as well as 22 professors from 16 universities. I believe that all of these were

professors of political science and they spoke with some authority from an academic point of view. I thought it somewhat strange that more universities were not represented. In Nova Scotia, for example, professors from only two of our universities testified, and both of these were from the city of Halifax.

Hon. C. William Doody: Shame!

Senator Macdonald: That meant that six other universities were not represented. But then, I thought, there must have been good reason for that; I expect that they had more urgent matters to be concerned about.

I know that in my own part of Nova Scotia, what is known as industrial Cape Breton, our most pressing problem and concern is our economic situation. The evil of unemployment, which is affecting at least 30 per cent of our work force, is considered to be vastly more important than tinkering with the legislative process of our country. I can tell honourable senators that while this condition prevails—while we are suffering from the economic and social evils which accompany high unemployment—we are not going to be diverted from our concern or anxiety about unemployment and its effects by talking of Senate reform or any other reform.

Honourable senators, we believe that first things should come first and should be dealt with first. Senate reform is not what we consider to be a high priority.

Some Hon. Senators: Hear, hear!

Senator Macdonald: Honourable senators, I have mentioned that I thought that the committee, in spite of all its efforts, was only moderately successful in obtaining a good cross-section of views of the Canadian people. It seems to me that the response to its invitation to give testimony was not accepted by what might be called the ordinary, average Canadian citizen. There is a preponderance of testimony from the academic community and from organizations and societies of various kinds, but I do not think they represent a substantial cross-section of the Canadian public. I suspect that there is reason for this. I suspect that the main reason why more did not respond to the committee's invitation is that there is no great dissatisfaction with an appointed Senate and its activities. I suspect that an appointed Senate is still regarded as a safeguard—as a protection against the possible misuse of power by a tyrannical executive or an emotionally charged House of Commons.

● (1430)

In any event, honourable senators, in order to obtain some indication of where the interest in Senate reform was most apparent, I looked at appendix C of the report. It lists 280 written briefs or letters received by the committee. My breakdown of those by province of origin showed that 4 came from Newfoundland, 5 from Prince Edward Island, 11 from Nova Scotia, 4 from New Brunswick, 26 from Quebec, and 116 from Ontario. There were 10 from Manitoba, 49 from Alberta, 14 from Saskatchewan, 33 from British Columbia, 4 from Yukon and 2 from the Northwest Territories. In case someone should add those up and be missing two, I should explain that two came from Australia.

[Senator Macdonald.]

So I take it from those figures that the idea of changing or replacing the Senate by a new body with the same name did not generate a great deal of interest anywhere. I can understand that more interest would be shown in the western provinces from the point of view of their being entitled to more senators than they now have in an unreformed Senate. In any event, while giving the committee full marks for attempting to obtain the views of a large cross-section of the Canadian people, in my view they were not successful in doing so, and the sample of public opinion that it had was too small for it to make a finding based on the views obtained.

Honourable senators, the main or principal recommendation of the subcommittee can be found in the very first sentence of chapter 1, which I quote as follows:

> We have concluded that the Canadian Senate should be elected directly by the people of Canada.

It is of interest to note that it is acknowledged that while a substantial part of the testimony favoured direct election, an equally substantial part of the testimony opposed it, and in my opinion, not too much consideration was given to the opposing point of view.

Some Hon. Senators: Hear, hear.

Senator Macdonald: Personally, I am against an elected Senate, and I will explain why. In order to do so, I looked first at the purpose of the Senate, which is set out on page 7 in chapter 3 of the report. I quote as follows:

> The Senate was created in 1867 to fill not one but two major roles in the new federation. One was to protect and represent, so far as federal legislation was concerned, what Sir John A. Macdonald called "sectional interests".
>
> Sectional interests include those interests peculiar to a region or to a linguistic or religious group. In this report we use the more familiar term 'regional interests'. The other major role was to help ensure political stability by acting as a counterweight to the popularly elected House of Commons.

Over the years the Senate came to fulfill the role of improving legislation and of investigating matters of public importance. This, or course, is a very useful function and one that is highly commendable; but it is not part of the original duty of the Senate. According to the report, the Senate is no longer fulfilling its major purposes of regional representation, and the primary objective of the committee's report is to strengthen the Senate's capacity to fill that role.

I now quote from page 13 of the report, as follows:

> To meet our primary objective, any reform should ensure that senators have more political authority and a measure of independence from party discipline. However, we also consider it essential that the House of Commons continue to be the pre-eminent chamber in Parliament, so that our system of responsible government can continue to operate effectively. Finally, our overriding concern is to ensure that Senate reform will strengthen the authority of Parliament as a whole to speak and act on behalf of Canadians in all parts of the country.

Honourable senators, even after reading that passage several times, I found it difficult to follow its meaning. It sounds most impressive, but personally I cannot see that the adoption of the proposed recommendation would or could have that effect.

I believe there is some considerable difference between the work or role of the Senate to protect and represent, so far as federal legislation is concerned, regional interests such as linguistic or religious groups, and the committee's understanding that the role of the Senate is to give regional representation in our parliamentary system. I believe that the members of the House of Commons are sent to Parliament to represent the regions which elected them, and it appears to be implied in the report that they have not done so. It is also at least implied that they have not done so on account of party discipline. I find that most extraordinary, because it implies two things: first, that a government would deliberately sponsor legislation that was detrimental to some parts of the country; and, secondly, that the members of the House of Commons from the region affected would vote for it, or at least not vote against it. Such thinking fails to take into account that the members of the House of Commons must be re-elected. If they did not properly represent the people who voted for them, they would be defeated at the following election.

Of course, the same reasoning would not apply to the proposed elected Senate. Those elected would not be seeking re-election and would be responsible to no one. In that regard, they would be in exactly the same position as an appointed senator, except that their term of office could be a good deal shorter.

Honourable senators, I gather from the report that an elected Senate would do what an elected House of Commons cannot do, which is to fulfill the role of regional representation; and it would be able to do so because there is to be no party discipline, and no pressure from the government whip. Why? Because such senators would be elected for a nine-year non-renewable term. Such a senator would be responsible to no one; he or she would not have to justify his or her actions to those who voted for him or her; he or she would be given a blind trust; and he or she would be responsible to no one for his or her actions or votes.

In addition, it seems to me that the report suggests that there is always to be a perpetual conflict of interest between the federal and provincial governments. I do not believe that is so. However, I do believe that with an elected Senate responsible to no one, there is grave danger that there could well be perpetual conflict not only between the federal government and the various regions, but also among the regions themselves. I have only a few more pages of notes.

An Hon. Senator: You are doing well, John.

An Hon. Senator: Put a little fire into it.

Senator Macdonald: Honourable senators, I believe that the committee has wholly misjudged the results, if adopted, of their proposals in stating that reform of the Senate would strengthen the authority of Parliament as a whole to speak and act on behalf of Canadians in all parts of the country. Personally I believe that the adoption of those proposals would have exactly the opposite effect.

I can understand the point of view of those who want an elected Senate. They want the Senate to receive its authority directly from the voters. They feel that senators can only speak with authority equal to that of members of the House of Commons if they are elected. Yet, honourable senators, it is not proposed that the Senate shall be equal to the House of Commons; and, indeed, under our present parliamentary system, it could never be so. Of course, a person running for the Senate, after obtaining a nomination, would have the same need for the support of a political party as would a candidate for election to the House of Commons; also, I expect that a senator elected through the support of a political party would feel under some obligation to that party and would not be independent of party discipline, despite the view set out in the report. Honourable senators, over the years there has grown a need for more and more consultation between the federal and provincial authorities, especially when there is divided or shared jurisdiction in various fields. To fill that need there has developed the holding of federal-provincial conferences. The report suggests an elected Senate could represent the provinces and relieve them of that responsibility. I do not think that that is so and I do not see the provincial premiers being willing to have even elected senators speak on their behalf. In fact, I have seen nothing that would indicate that the premiers are full of gratitude for the solicitude shown them by the report.

• (1440)

I am not one who believes an elected Senate would strengthen our parliamentary system. Indeed, I think the committee itself must have had some misgivings because I noticed that in certain cases it wanted a double majority before a measure could be passed. In other words, the committee was afraid an elected Senate would not be as concerned to protect minority rights as is an appointed Senate. I think it has to be acknowledged that an elected Senate would be a sort of miniature House of Commons with, of course, less power; some kind of minor body. So if an appointed Senate no longer fulfils its obligations, if it has outlived its usefulness and a new elected body with the old name were to be an important part of of our parliamentary system by complementing or supplementing the House of Commons, then, instead of electing senators, I suggest that additional members be elected to the House of Commons. If you want to get away from party discipline I suggest members of the House of Commons take an oath of office stating that they will not be partisan or supportive of the party which helped put them there.

In all seriousness, I suggest that the recommendations in the report, if adopted, could be accomplished by simply adding to the membership of the House of Commons. If the proposal for an elected Senate were to be adopted, then I think there should first be a study as to whether a Senate is necessary. Let us get right down to fundamentals. I know the report mentions in passing that the witnesses appeared to be in general agreement that there should be a Senate. However, that question was not examined as it was not part of the committee's mandate.

Honourable senators, I believe an appointed Senate is a necessary part of our parliamentary system. I do not believe that an elected Senate is a necessary part of our parliamentary system. Of course, I am not saying there is no room for some improvement.

Hon. Jacques Flynn (Leader of the Opposition): Thank God!

Senator Macdonald: I know there can be internal reform and that there should be. I agree with the proposal that the Senate should elect its own Speaker, though I do not think it would make one bit of difference in the long run.

Senator Flynn: Agreed.

Senator Macdonald: I know, too, that the Senate has a poor public image, if that is the proper word to use. I suppose we deserve it. I think the image of the Senate is made right here in the Senate Chamber.

Senator Flynn: Alas!

Senator Macdonald: No matter how much worthwhile work is done by our committees, it is not seen by the public. But when the galleries are filled with, for example, school children and they see less than half the Senate seats filled, that does affect our image. Of course, it is said, and with truth, that our attendance compares very favourably with that of members of the House of Commons. We must remember that every day for an hour or so the House of Commons puts on public entertainment so spectators see a well filled chamber with members speaking on matters of current interest. But in many cases, once that period is over the spectators leave the Commons and come over to the Senate and they are not impressed.

Honourable senators, I make two suggestions as to how we could improve the public perception of the Senate. One is that we raise our quorum from the present number of 15, which would not be too hard to do, and the other is that we do not try to sit every week. In the past the Senate would meet when there was work for it to do. I say that we should meet one week per month. We are not helping anything by saying we have to be here because the House of Commons may pass a bill and want it passed right away. I think these two suggestions would improve our image with the public.

While I appreciate and commend the members of the joint committee for their work, perhaps you have guessed, I cannot support the main recommendation that senators be elected. I think this recommendation is not only wrong in principle but it would be cumbersome and unworkable in practice and would result in a poor parliamentary system. I am convinced that an appointed Senate is a necessary, valuable part of our parliamentary system and I believe that if an appointed Senate is to be changed to an elected Senate, we should seriously consider whether or not we need a Senate at all. If there is to be an elected Senate my own view is that there should first be a choice between an elected Senate and no Senate. I, for one, would go for no Senate rather than for an elected Senate, because I believe it would be better to abolish the Senate than to have one elected with the functions suggested in the report.

[Senator Macdonald.]

Honourable senators, as you may have gathered from my remarks, I do not think the report of the joint committee should be adopted—quite the contrary.

Hon. Senators: Hear, hear.

Senator Flynn: If no one else wishes to adjourn the debate I would like to do so, because I may speak next fall if the present session resumes.

Hon. Stanley Haidasz: Let's have a vote right now.

Senator Flynn: By that time I will probably have some arguments on top of the ones I have now about the appointments we are all waiting for.

On motion of Senator Flynn, debate adjourned.

WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—SECOND READING

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) moved the second reading of Bill C-33, to amend the Western Grain Stabilization Act.

He said: Honourable senators, I am pleased to move second reading of Bill C-33, to amend the Western Grain Stabilization Act. As you know, this bill passed the House of Commons with the unanimous approval of the members of that house.

● (1450)

The Western Grain Stabilization Act is the main federal program to support the incomes of prairie grain producers. The general objective of the Western Grain Stabilization Program is to protect grain producers in the Canadian Wheat Board designated area against unexpected declines in net returns due to short-term price fluctuations, reduced marketings and increased production costs.

The program protects actual producers of grain within the Canadian Wheat Board region collectively. Under the Western Grain Stabilization Program, net cash flow for each calendar year is supported at the average of the net cash flow in the previous five years. Net cash flow is the difference between gross grain receipts and cash expenses, with adjustments for costs related to grain not sold and receipts which are not eligible for coverage under the program.

In any year in which net cash flow falls below the previous five-year average, the difference, adjusted for the level of producer participation in the program, is paid to producers. Each participating producer shares in any payout on the basis of the amount of levy paid in that year and the two previous years in proportion to the levies paid by all participating producers in those years.

The program covers seven major grains and oil seeds grown in the Canadian Wheat Board area—wheat, barley, oats, rye, flaxseed, canola and mustard seed.

The program is voluntary to the extent that new producers can withdraw during their first three years. Also, I might say that it is voluntary in the sense that they have to elect to go into the program at this time. The level of participation has generally been on an upward trend. Some people say the

progam is not popular and that producers would like to get out en masse. However, the fact is that there is a general upward trend in the percentage of farmers who are in the program. The percentage now is at a level of 77 per cent, which is a solid endorsement of the popularity of the program. Perhaps more important as an indication of the popularity of the program, 80 to 85 per cent of new permit book holders have stayed in the program.

Producers' levy rates this year were reduced to 1.5 per cent from the normal 2 per cent to a maximum of $900. I might also say that the normal payment into the fund is 2 per cent of the gross receipts by farmers today up to a maximum of $60,000. For each $1 a producer pays into the fund, the federal government pays $2 into the fund. The fund accumulates interest at the rate of 90 per cent of the government rate on 90-day treasury bills. The fund has built up to a considerable sum.

There has been a good deal of criticism with respect to the operation of the act because, although producers have been going through rather tough times in the last two or three years, there has not been a payment made under the act during the last five years. However, I should point out that producers who are in the fund have been well advised to stay in it. As I said, their equity has been increasing. In 1977 and 1978 producers received payments totalling $368 million.

The government is proposing some major amendments to the legislation. The first is with respect to the addition of a second payout triggering mechanism. Net cash flow per tonne of eligible earnings will be supported at the level of the previous five years. This payout mechanism will make the program more sensitive to price and cost variations during periods of increasing marketings.

The existing payment mechanism is also being retained in the event that the volume of marketings declines. In any year in which both mechanisms trigger a payout then producers will receive the larger of the two payout amounts. Thus, being placed into the act is a second trigger which says that the net cash flow in a given year will be divided by the marketings in that year. To some extent this will offset the disadvantage of the first trigger only, whereby a large increase in marketings can increase the net cash flow. As is the case without the amendment, this has resulted in no payments whatsoever being made in the 1983 calendar year.

The second change is to measure receipts by crop year as opposed to calendar year, and to calculate payouts for crop years. This will allow the program to respond more quickly in that stabilization payouts will be made three or four months after the end of the crop year rather than after ten months, as was the case with the calendar year.

In addition, this change will mean that the receipts from the sale of a crop will be related to the costs of producing that crop. For example, if the costs that went into the 1983 crop were incurred basically in 1983, then the return is from the 1983 crop, which is related to 1983 costs.

The way the program works at the present time is that expenses are calculated on a calendar year basis. In order to be exceptionally fair, under the act a survey is made of the actual costs of thousands of grain producers for the previous year. The Statistics Canada index is not considered in order to do a quick calculation; instead, they wait until approximately 10,000 farmers have filed their income tax returns on April 30. Then, one or two months later, after the farmer has finished seeding, and he has a little time and will not shoot the first person who comes into the yard because he is too busy, they go out and ask the farmer what his actual expenses were. I am told that this is done in June and July. When the calculations are finally made it is some eight months into the new calendar year. Thus, if we move the income payments from the calendar year to the crop year it means that in 1983 we look at the calendar year for expenses, and we look at the 1983-84 crop year for income receipts. The crop year ends on July 31. It takes a couple of months after that to complete the calculations and to make the cheques available. In this way payments can be in the mail to the farmer toward the end of October or November. The belief is that in this way payouts will be made more quickly since they will come shortly after the end of the crop year.

The third change is an amendment which will give participants the option of withdrawing. Many people have felt they should not be locked into a plan forever while they are farming; they should be able to get out of it. The amendment will provide that effective August 1, 1986, all those producers who have been in the plan for ten years—and the plan will have been in effect for ten years at that time—can opt out. My hope and belief is that with the act being made more sensitive to and working in the interests of the producers they will see that they have received much more from participating in the plan than they would if they had been excluded. Thus, they will stay with the provisions provided in the act. However, every ten years there will be an opportunity for producers to withdraw.

● (1500)

The fourth amendment is that spouses who are members of farm partnerships, co-operatives or companies and are involved in the farming operation will be eligible to participate in the program. Although this change could result in some increase in the cost of the program to the government, the change will remove a discriminatory restriction. I think everyone will welcome the fact that under this proposed legislation a spouse in partnership with a husband or wife will be eligible to make payments into the fund and to receive payments from the fund. I think that all in all the amendments are very helpful and will improve the operation of the act.

The act is amended so that in the present year an interim payment can be made, and the government has announced that an interim payment will be made. The amendment does not, however, provide for interim payments for the future. It is difficult to assess the amount of interim payments because it is difficult to project the amount that will be paid out before all of the grain has been delivered in a given year. As a farmer, I

do not think it does a great deal to assist me as a producer in averaging out my income to have an unknown amount of interim payment made perhaps two or three months in advance of a final payment. The main thing is for producers to know in advance how their income may be staggered over a year. Right now a producer can expect, because of what has happened in the past, that towards the end of January or early February, he or she will receive final payments on the Canadian Wheat Board pools—wheat, oats and barley—and usually the payments have been rather substantial. Last year the total payment was some $409 million. A farmer, then, can market his grain as the quotas become available from February on, starting with that point of the year, and often as spring comes and Thunder Bay opens up, the quotas become larger and there is a greater opportunity to deliver grain.

Usually, July is a very high delivery month. The Wheat Board does everything to fill up the elevator system before the crop year ends. July 31 is the last day of the crop year, and very often, in wheat board and farmers' terminology, it is a long day. If the cars are coming in and there is space in the elevator, it is accepted as a reasonable practice that in the first few days and even up to the first couple of weeks of August producers who take their grain to that elevator will receive a cash ticket or a storage ticket, if they prefer it, dated July 31. It is therefore completely impossible to know in advance in any precise way the amount of grain that will be delivered into the system. In addition to that difficulty, there is the whole question of whether prices are going up or down. With this particular measure before us, a lot of the calculations that went into the estimates of the moneys that will be paid under the act were taken early in this calendar year when the total deliveries and prices for the balance of the year were obviously unknown and could only be projected. Prices since have increased substantially, and deliveries also have been high. Therefore, the payments that will be made, although uncertain, could be less than forecast.

With the strengthening of grain prices generally, and good deliveries, farmers have received a larger income from the sale of grain than was anticipated earlier in the crop year.

I think the amendments are necessary. They are good amendments and they will help sensitize the legislation in the interests of the producers. An amount of $884 million had accumulated in the fund by December 31. With respect to payments into the fund, the government pays in about $130 million a year; the farmers pay in about $50 million a year; interest is approximately $60 million a year, and unless this kind of legislation is passed, even though the farmers need the money today, the fund will go on building and building.

No one can say precisely at this stage whether these amendments will do the entire job that we hope they will. All I can say is that, with this legislation, as I suppose with any other legislation, undoubtedly some day additional amendments will be required and I hope that whenever amendments are made, both now and in the future, legislators will keep in mind the needs of the producers in order to make sure that their payments into this fund result in some real protection and payments to producers in time of need. I believe that this is a time of need.

[Senator Argue.]

Hon. Martha P. Bielish: Honourable senators, it gives me great pleasure to see Bill C-33 finally before us. I want to thank the honourable minister for his part in bringing this bill to fruition.

In order to give you a little background on this bill, I would like to tell you that the requests for Bill C-33 have come more and more frequently over the period of the last year and a half. As early as last summer in the other place the Conservative Party called for an interim payment for farmers from the Western Grain Stabilization Fund. In fact, they have been consistently calling for that interim payment for over a year. In that regard, at page 4055 in the House of Commons *Debates* of May 25, 1984, Mr. Gustafson from Saskatachewan enumerated the times that this interim payment had been requested. He said that the record would show that on September 16, 1983, he himself had called for the payment; that on October 5, the honourable member for Crowfoot, Mr. Malone, had called for the payment; that on October 7 there was a call for the western grain stabilization payment, and that again on October 25 the Conservative members called for a payment under the act. On November 17, Mr. Taylor, the honourable member for Bow River, who knows farming well, called in the house for a payment.

On December 8, 1983, in this session, there was another call for a payment from this fund by the honourable member for Portage-Marquette, Mr. Mayer, who is the agricultural representative for the Conservative Party in the other place. The list continues on and on. Finally on May 11 of this year Bill C-33 emerged.

I am told on good authority that the Agriculture Committee in the other place worked diligently and didn't put blocks in the way. Good amendments were introduced, but they were not accepted. Realizing the crucial situation in which the farmers find themselves, and in order not to stall the passage of the bill, they agreed to the bill with four amendments that were brought forth. The timing of presenting this bill to the Senate makes it impossible for us to question the minister in committee, as I am sure the members of the committee would like to do.

● (1510)

Honourable senators, the bill does not reflect the realities of production of grains; it does not address rising interest rates; it does not address the cost of fuel, machinery, fertilizers and herbicides; it does not take into consideration the cost of building farmsteads or the other expenses farmers have; it does not permit the possibility of using good soil conservation practices. Those are the kinds of expenses that farmers are faced with.

It is easier for a farmer to borrow money when the grain is in the swath, or at least growing in the fields. It is when the farmer plants the seed that he needs the fertilizer, the fuel, the herbicides, pesticides and fungicides in order to help the crop grow. It is then that the money is required.

The minister has told us that the money will come after the crop year. He also said something about a quick calculation. I hope that the government uses modern methods of calculation so that these payments will not be made as late as November. Computers can give instant print-outs showing what the situation is. It is my hope that there will be a faster calculation so that those payments are made at the end of the crop year and the farmer receives his due.

I should like to put on record how this money has totalled $1 billion. When this bill was debated in the House of Commons, Mr. Gustafson stated, as reported at page 4055 of *Hansard*, "Farmers have paid into the program since 1979." They have paid into it since 1976, but they have not received any payments since 1978. Mr. Gustafson went on to say:

> Farmers initially paid $500 per year. Then it was increased to $900 per year. Then it was increased to $1,200 per year. But since 1979, there has not been a payment to farmers. If a farmer began paying into the program in 1979, by now he would have paid the maximum of $5,700 and he has not received any return. The accumulated interest on that $5,700 amounts to over $8,000 of the farmer's own money. Do not let any Member or Minister on the Government side stand in his place and tell the farmers how much money the Government is paying to them.

The government is going to turn over some $3 million. In my estimation that amount does not even total what they have paid into it. Mr. Gustafson went on to state:

> The Government is not returning the money which belongs to the farmers.

So there it is. The minister has stated that the farmer's equity is increasing but what good is equity when the farmer cannot use it, and what good is equity after the farmer has gone bankrupt?

Because farmers need help and because we want to give them that help, we are supporting this bill. The amendments have improved the substance of this bill. My only regret is that the bill could not have been further improved. It is a welcome improvement to see that spouses are eligible to participate on a multiple basis. That is a worthwhile amendment and is something that could have been allowed sooner.

I could go on and on, honourable senators, but I will not take up the Senate's time. I shall conclude by saying that we support this bill because it is of some help and will cause to return to the farmers some of the money that has been accumulating over all of these years.

Senator Argue: Honourable senators—

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

Senator Argue: Honourable senators, I appreciate Senator Bielish's remarks and her general indication of support for the legislation. I can understand her pointing out where she feels the legislation may lack in substance.

The figures used in the other place by Mr. Gustafson were for a producer who came into the fund immediately after pay-outs were made and was in for five years. I should like to give you figures as to how the fund has operated for the vast majority of farmers who signed up when the fund came into effect. If a farmer signed up when the fund came into existence at the beginning of 1976, the amount of moneys paid by that farmer who is paying the maximum would total $6,300, and the payments received from the fund for that farmer paying the maximum would total $6,895. That farmer is $595 better off but that does not take into account any interest return. So that producer, if he had not been in the fund and was getting nothing more, undoubtedly would have been better off not to have seen the fund, but, nonetheless, in total dollars the payments received were somewhat higher than those paid in.

The amendments are now being proposed because that is the situation and because the costs are going up.

• (1520)

Senator Bielish said that with modern accounting equipment we should be able to make the payments earlier. Those responsible for implementing the western grain stabilization program are public servants who are doing the best job they can. As I explained, the farmer delivers his grain to the elevator perhaps as late as August 14. The accounts have to come from the elevator system to the western grain stabilization program offices where they are put through their computers. The indications are that it will take up to six or eight weeks before the cheques can be mailed. It is estimated that the payments would be made towards the end of October or early November. I believe that now the Canadian Wheat Board can send out their cheques in four weeks. They are the people who buy the grain and their figures come in almost instantaneously, especially with the new systems in place with some of the country elevators. In any event, the waiting period here is approximately two to three months. Without any amendment the waiting time was ten months. Obviously, ten months is longer than three months so I think that is a major improvement. When I hear somebody complaining that these are not the right kind of amendments, my answer to that is that if there had been no amendments there would not have been a single dollar paid on 1983 crops. Therefore, these amendments are improving the legislation.

Senator Bielish, who is a farmer, said that farmers need money in the spring. I am a farmer, too, and I say that farmers need money every day of the year because the accounts come in and the bills have to be paid. It used to be that the only time you fertilized your fields was in the spring. Now the practice is to fertilize in the fall, so that some of the costs that were high in the spring are now high in the fall. A farmer gets by when it comes to seeding in the spring and harvesting in the fall with credit from the local fuel merchant, the fertilizer merchant, the storekeeper and so on. When fall comes, he tries to have money on hand to pay the bills that have accumulated throughout the summer. Part of the reason for doubling the cash advances is to help the producer do that. As a producer, I

think that the money is as good to me on November 1 as it would be on March 1. In any event, the final payments have come out from the previous crop year around February 1. The main feature of this bill is that the producers will know where they stand, and under this legislation payments will come more readily in the future.

Senator Bielish said that certain costs are not taken into account. Well, some of these costs are taken into account because they are operating costs such as fuel costs, herbicide costs, repairs and so on. It is correct that interest rates are not taken into account; it is correct that capital depreciation is not taken into account. The argument is that you should not encourage the producer unnecessarily to buy a lot of farm machinery because it will be used as an expense item under this bill. The main problem is created by the interest costs, and the so-called experts in the banking system—the deep thinkers—said to the producers five or six years ago that they should expand their land, borrow money from the banks in order to buy more land. The producers said "the banks must know what they are doing so we will follow them." They expanded, bought more land, had more mortgages to pay and the interest rates went up. This bill does not provide for the inclusion of interest costs and I think there is an argument for that, but in a sense it does not matter whether you provide for them or not. The main point is that you have to tailor the legislation so that when the farmer puts in his money and the government matches it and at some time the farmer needs it, then the farmer will get his payments. I think that is what we are endeavouring to do in introducing this legislation. It is a vast improvement compared with what we have had up to now. I do not apologize for the slowness with which it came to Parliament because, as you will see, whether we received the bill and passed it today, or whether we had received and passed it two or four months ago, the earliest the final payment for this year can be made is November 1. Therefore, we are right on target in getting it done.

Motion agreed to and bill read second time.

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we have been following the practice of not abridging the rules for third reading if there is no particular reason to do so such as Royal Assent. We do not have Royal Assent planned for today, so I think we should follow the "Flynn formula," as we have come to call it, and, accordingly, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

CANADA LABOUR CODE FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

On the Order:

[Senator Argue.]

Resuming the debate on the motion of the Honourable Senator Marsden, seconded by the Honourable Senator Sinclair, for the second reading of Bill C-34, intituled: "An Act to amend the Canada Labour Code and the Financial Administration Act".—(*Honourable Senator Muir*).

Hon. Robert Muir: Honourable senators, I should like to take this opportunity to say a few words on Bill C-34. Before doing so, I should like to express my commendation and best wishes to Senator Marsden who delivered a clear, concise explanation of the bill. You could hear her throughout the chamber. She did not mumble; she spoke in perfect English, and she knew what she was talking about which I think is very important. In many democracies, and in many parliamentary institutions whether Senates, Houses of Commons or Congress, so many people do not know what they are talking about. That happens on occasion even in my own case. In any event, she spoke eloquently. She spoke of the amendments and changes that had been made, the co-operation of the Official Opposition and the NDP; she spoke about safety and health, the conscience clause, religious convictions, the Rand formula and so on. However, you are going to be disappointed if I continue in that vein as you are not used to hearing me being so kind. It is really out of character.

Hon. Jacques Flynn (Leader of the Opposition): You are weakening!

Senator Muir: Am I getting mellow? Oh, no.

My first comments on this bill are in the nature of a complaint. There are those in the other place who complained that the bill was introduced at the last minute and with even greater justification we make the same complaint. It seems so unusual that when governments of whatever stripe have an adjournment, an Easter recess or a Christmas recess they then start pouring in the legislation saying: "You be good boys and girls. Get this legislation through and we will let you go back home." I do not think that that is our role here. We should deal as best we can in a proper way with the legislation we receive.

The government has talked about this type of legislation since 1981. It has taken over three years to deliver itself of quite significant but somewhat flawed legislation.

• (1530)

This bill was given first reading in the other place on May 15; but the debate on second reading did not commence until June 11, and that lasted only a few hours. Of course, the bill was then referred to committee, and the committee did a little better than the house in that it considered the bill over several meetings.

It is not because organized labour or the Public Service Alliance, in particular, is eager and anxious to see legislation passed that members of Parliament—and in that term I include senators—should abdicate their responsibilities. Worthy as these causes may be, I think time should be taken to go into all the phases and facets of any legislation. Bill C-34 is 55 pages long and contains 42 clauses, and I do not think it

has been given the study it should have been given. Changes were made in the other place, so there was room for improvement. I believe there is still room for improvement. Had more time been available to study the bill and hear witnesses, I am sure a better bill would have been the outcome. However, as the Leader of the Opposition in the Senate said yesterday, this government has a very unfortunate attitude towards amendments. Its collective ego is so pathetically frail that it damn near collapses when it has to admit that there are errors or shortcomings in any of its legislation. That is truly unfortunate because, working together, we should produce better legislation. It is unfortunate because this weakness has resulted, all too often, in our being deprived of the opportunity to improve upon laws destined to improve the conditions of life under which our fellow citizens will have to live.

Here again we have an example of how not to legislate. A bill of this magnitude and importance should never be sent to either house in the dying days or the dying hours of a session. I do not think that is a sensible way to run any country.

Perhaps the problem is that this government labours under a fundamental misconception that the quality lacking in its legislation can be made up for by the quantity. Perhaps they feel that, by bringing in a catalogue of legislation, which we do not have time to analyze, they will brainwash the public into thinking that they are doing a fantastic job.

For many years of its tenure, this government, in keeping with its stated philosophy, has drowned the nation in laws. That is why we have often faced the situation we are now facing of passing legislation at the last minute without having the opportunity of getting down to the basic fundamentals of the proposed laws. As it is we are in the situation of having one presented on top of the other. When they are whittled down, it may be that many of them mean the same thing.

Honourable senators, I hope that when we return after the summer recess—I presume someone is going to call an election—a new government will be in charge and that the leader of that government will be a man in favour of smaller and more efficient government. That is a cherished philosophical principle, not a hot public relations scam latched on to because it seems to be popular. In other words, we can hope for a Conservative government under Brian Mulroney for whom conservatism is a way of life and not just a suit one wears to Winston's in Toronto.

There is nothing wrong with having a bill of this type; the basic principles it addresses are laudable, as far as it has gone. There is no doubt that we must make working conditions as good as possible. The health and safety of Canadians at work is not something to be treated lightly.

The Cape Breton Development Corporation has, through the University College of Cape Breton, been working constantly on the aspects of health and safety for a considerable period of time. Although that crown corporation has had some problems and mishaps, I believe the people involved are sincerely trying to do a better job. I believe that the Occupational Health and Safety Branch of the University College of Cape Breton is doing an extremely good job.

However, I would be happier to see as much concern expressed and energy expended to find out how labour might better co-operate with management and entrepreneurs to raise our industrial output to a more reasonable level from its dismal 70 per cent capacity. I blame both the unions and the corporations for this state of affairs. I believe that if there were more management committees and more co-operation between the companies and the unions, we would achieve a higher level of production.

Certainly we must all look out for our rights and privileges, but we must also cultivate a sense of responsibility. There is no more room in our industrial relations for the traditional adversarial positions of labour and management. I lived and worked in a place and at a time when you had to tie up a coal mine so that steps would be taken to ventilate the mine properly. I think we have come quite a distance since then. I believe there should be more co-operation between both sides and a continuing system of labour-management committees. I am sure our younger senators, such as Senator Sinclair, must remember the times during the last war when we had labour-management committees that worked very well together in many industries and ironed out many of the problems which would have grown to a greater magnitude had they not been discussed by these committees. I am not suggesting that this would take rights away from labour unions; it is not a wedge between unions and management. Something that has the potential of growing into a larger problem perhaps could be ironed out with regular meetings every week, ten days, or so. We have to learn to work together, or we may have to learn to starve together if our production keeps going down.

The importance of the legislation before us is not just in the fact that it will directly affect that 10 per cent of the Canadian labour force which it covers; it is also vital because it has the potential of a demonstration effect for the rest of the workers across the country. By showing what can be done in these areas of federal jurisdiction to improve the situations in which people work, it will set an example for industry and for the provinces.

In particular, honourable senators, this bill has demonstrated an impressive sensitivity to the importance of the family unit. Currently, 17 weeks of unpaid maternity leave are available to a female employee after she has been in a job for one year. The required working time is now reduced to six months, which is an improvement. An additional 24 weeks of unpaid child-care leave is offered to natural and adoptive parents.

Honourable senators, I can only react sympathetically to such proposals. When I think of the number of abortions that are carried out every year and of the marriages which break up and of the number of children who end up in trouble because of parental neglect, surely there can be nothing wrong with making it easier for young people who want to do so to be with their babies. The hope is that this closeness, once established, will last a lifetime and that the children will feel better about seeking guidance later on and about discussing problems

with their parents. The amendments along these lines are bright, good and worthwhile. The opposition in the other place had to intervene to make the qualifying period a little more reasonable, but that is why the opposition is there. Much as the government hates to accept its suggestions, on quite a number of occasions it is extremely valuable.

● (1540)

In the case of this bill, for example, the opposition intervened further to strengthen the provision that protects workers from sexual harassment. We clarified the definition of sexual harassment as being any conduct, comment, gesture or contact of a sexual nature that might, on reasonable grounds, be perceived by an employee as placing a condition of a sexual nature on employment or on any opportunity for training or promotion. Before this clarification, the perception of sexual harassment could have been made by any employee, including those not involved. The clarification leaves the perception of sexual harassment to the employee involved. I think that is an appropriate amendment.

As I mentioned previously, through the amendments the opposition party also strengthened the bill's clauses on occupational hazards and safety. I made mention of DEVCO, and I commend them for their progress in that regard. Dr. Albert Prossin, the director, is involved with that movement at the University College of Cape Breton. They are doing an extremely good job on occupational hazards and safety.

The opposition was concerned about the accident rate in Canada. The accident rate causes more work stoppages in Canada than all the strikes put together, and that is serious. There is a need for greater concern about health and safety in the work place. We did not feel that this bill was going anywhere near far enough in terms of measures of health and safety.

Senator Marsden has spoken about co-operation. I note that on page 5194 of the House of Commons *Hansard*, the Honourable Bryce Mackasey, former Minister of Labour, said that he thinks the Conservative Party has been more than co-operative in the passage of this bill. I thought I would put that on the record.

To the clause which described the obligation of the employee to report to the employer any thing or circumstance in a work place that is likely to be hazardous to the safety or health of the employee or any of his fellow employees, the phrase was added "or other persons granted access to the work place by the employer." In other words, the opposition took what I feel is quite a progressive step. Through this addition, we said that we are not only concerned about the health and safety of an employee or an employer—which is quite right and we should be—but we are also concerned about the health and safety of other people granted access to that work place. We are concerned with public safety and believe that it is as important as the safety of the individual employer and employee. Our amendment was accepted by the government and now forms part of the bill that is before honourable senators today.

[Senator Muir.]

Not all of the amendments proposed by the opposition were accepted, however. The government failed to accept the greater protection for workers which was contained in other amendments proposed by our party. We wanted to define clearly what actions an employer could take to punish those guilty of sexual harassment. We suggested that the employer be empowered to take disciplinary measures as outlined in the policy or as provided in the collective agreements. Instead, the government stuck with its own vague wording to the effect that the employer will take such disciplinary measures as he or she deems appropriate. The opposition was also concerned about the potential hazard to workers resulting from exposure to video display terminals. We expressed that concern by moving an amendment. Unfortunately, the government decided to turn that down as well.

The opposition's amendment on technological change was accepted, and that is gratifying. The amendment provides that an employer who is introducing new technology will be expected to share with the employees affected the reasons for the change.

Our party recently conducted a study—for which Senator Nurgitz was partly responsible—on the issue of technological displacement and manpower training and retraining. We discovered that Canada was backward when it came to its willingness to adopt the new technologies that would make us competitive in the world market. I feel that our failure to adopt new technologies is one of the primary reasons why our economy is in trouble, why our dollar has dropped so dramatically, why our interest rates are so high and why we have 2 million unemployed people. Should someone wish to correct me by saying that that figure is somewhat lower—that it is 1.4 million or some such figure—I will merely say that that figure represents those people who are registered as being unemployed. It would not include the other half million or so who are tired, disgusted or fed up with registering and being unable to find jobs.

The reluctance to accept new technology is one of the reasons why Canada's standard of living has fallen from the second highest to the thirteenth highest in the world. We do not have the attitudes, the systems, the tax policies or the people necessary to take this country into the twenty first century. Honourable senators, we are facing a crisis in this regard.

Another opposition amendment that was accepted by the government and which makes me feel particularly good is the "conscience clause," which was mentioned by Senator Marsden. This provision was suggested by the Seventh Day Adventists and other religious groups who share the same feeling. I will go further into that a little later.

Honourable senators, some people are not enamoured of the idea of compulsory membership in a union. That is a closed shop. Either a person joins a union or he does not work. I believe in the Rand formula. Unlike some of my colleagues on this side of the chamber, on that side or in the other place, I believe in it. I am firmly convinced that it should be in place. However, with the new regulation—the conscience clause—

those who are of a firm religious conviction can opt out of union membership. Their money, however—the equivalent of the union dues—must go to a charity or something of that nature, as was mentioned by Senator Marsden.

I might add, honourable senators, that we in Cape Breton, Nova Scotia, have long since instituted the Rand formula. We in Nova Scotia have had many unions—the old PWA or Provincial Workmen's Association, the United Mine Workers, and so on—because we were forced to have them. We had management who came in to operate the steel mills and the coal mines in such a way that you either did what they told you to do or you did not have a job. You had to work for what they felt like giving you. Then, when things got bad, they either came over here with their bucks and took over what they could get hold of or took off and went back to jolly old England, or somewhere like that. That is why we in Nova Scotia had to have unions. We had to have strong unions, and I believe in them. I believe that we must have them. Some will say that they go too far, but where would we be without them?

To return to the conscience clause, the government has accepted this amendment which allows for an exception to the rule for union membership and the paying of dues on the grounds of religious belief or conviction. If it is against your religious principles to join a union, you will not have to, nor will you have to pay dues to a union. You can direct the employer to take the money that he deducts from your wages for union dues and give it to a registered charity of your choice. That applies only to legitimate cases; it does not apply to someone who is a phony, who is not religious but says, "I am very religious". I would not buy that one.

• (1550)

An Hon. Senator: Where would he give the money?

Senator Muir: Perhaps to an atheistic-Christian society! It is good for us to laugh about a few of these things now, but it was because people had to crawl around in filthy, mucky, dirty coal mines, or in steel mills, for a few bucks a day, and because their bosses would not listen to anyone, that it became necessary to have unions; and that is why I believe in them. I believe we must have unions. I suppose there are some people who would not like my saying that. I have organized unions and have participated fully in them. I have been deeply involved with unions. They are not always right. Sometimes they are wrong. Many times they make mistakes, just as members of the other place and honourable senators make mistakes.

Senator Flynn: Even the government.

Senator Muir: Even the government. People in church organizations, fraternal organizations, in service clubs, and in every facet of society make mistakes. So everything is not all well and good with unions; but neither is it all well and good with management. So please do not get the wrong idea, the idea that I am trying to put forward the philosophy that whatever a union says is right. That is not always true. But neither is management always right. So come let us reason together. Sometimes as a last resort we have to do that. A number of times I proposed having labour courts—I believe they work in some countries—so that we might not have so many strikes and the resultant loss of production. But nothing came of my proposal.

Someone may ask, "Why did you stop with the religious groups?"—as I believe Senator Haidasz intimated. "What about atheists, and so on?" Others will wonder, "Why did you stop at that?" There are still others who would consider compulsory membership in a union and the paying of union dues a horrendous encroachment on their personal freedom. Such people had better reconsider and find out where they would be without unions, associations and organizations. Others might ask why they should be subjected to what they consider to be an outrage. They would object on the ground that no one should be forced into belonging to any group in society. I do not go along with that. I am expressing my own views, but probably my party would agree with me.

Unions, in response to such objections, defend their position by saying that everyone must contribute, as the unions represent all of the workers and the benefits obtained accrue to everyone. That is right. Why should unions work to provide benefits for the work force and then have someone come along suggesting, "I am not going to pay union dues, but I am going to get those extra bucks that the union fought for." People should pay union dues, unless they legitimately come under the provision of this new clause.

I am pleased to see the amendment that protects religious freedom. Under our Charter of Rights and Freedoms, there is something of value in that. Some people may ask, "Are you not disappointed? After all, not much concern is paid to deeply held convictions on freedom in general." Well, there comes a time when you simply have to take a stand and stop destroying the bargaining units or the unions.

This bill, as amended by the Progressive Conservative Party in the other place, is much better than when it was first introduced. I believe we could make it even better, but it should be obvious to everyone here that we are not going to be given the time to do so. In both the Liberal and Progressive Conservative Parties in the other place and here there are former fishermen, iron ore workers, coal miners, union leaders, and people representing many and varied occupations. They exist in both parties. But for 27 years I listened in the other place—not here, thank God—to those who said that the only people who were concerned about the oppressed, the downtrodden, the widows, the orphans, the old age pensioners, and everyone who suffered, were the socialists, the members of the New Democratic Party. Just how phony can you get? I had to fight that one in the unions. They said, "How can you be a Progressive Conservative and president of a union and be on the mine committee? You should be CCF," as it was then.

My point is that we are all human beings no matter what party we belong to. The socialists can't wrap themselves in robes of sanctity and purity, claiming, "We are the only ones who cry for the poor and the oppressed". No way will I accept that. They can cry all they want. They may suggest that they are saints and all that sort of thing—to the point that one might almost think that no one else but the socialist party ever

raised questions of old age pensions, of increased wages or of welfare—but that is not correct.

I have no doubt that the government would like to rush this bill through. Personally, I would not want to have it passed in such a hurry, but the government will want to get out on the hustings under the leadership of their silver-haired John, and at Winston's they will say, "Look at the wonderful legislation we have passed. Look at what we have done for labour". I always thought that Winston was a brand of American cigarettes. I would never be rich enough to get into a place like Winston's, wherever it is. They tell me it is somewhere in Toronto. Perhaps I could buy a glass of water there. But I don't think I would ever get in there. I would never be invited.

Senator Flynn: Are you going, Senator Frith?

Hon. Royce Frith (Deputy Leader of the Government): No.

Senator Muir: Perhaps if I mentioned Senator Frith's name, I might get in. The government members may brag about the legislation and say that it is fantastic, that it is better than we had, but I believe it is too little, too late.

Hon. Nathan Nurgitz: It is half a loaf.

Senator Muir: I believe that the rank and file of the labour force have had it with this government because of its activities and its inactivity.

I now come to a nice point in my few remarks. Before concluding, I want to say a word or two about the former Minister of Labour, the Honourable Allan J. MacEachen. It was announced yesterday that he will not be running again.

● (1600)

Senator Nurgitz: He is going to walk.

Senator Flynn: Crawl.

Senator Muir: I love this side play but it is not as entertaining as the Johnny Carson Show or Bob Hope.

The Honourable Allan J. MacEachen has served in many portfolios, including that of Minister of Labour. He has done many things in government for the working people. Despite that fact, I tried many times to knock him off in elections but, regrettably, I was never successful. Of course, he tried to do the same to me. However, I think he deserves a word of commendation.

Hon. C. William Doody: That's it, just a word.

Senator Muir: I hope that his multi-faceted qualities will not be lost to Cape Breton, Nova Scotia or to Canada because of the changes that are taking place in the other place and within the Liberal Party. With those few kind remarks—of course, all my remarks are kindly—I thank all of you for your kind attention and Senator Marsden for her kindness in explaining the bill to us in a really good way. However, I think that since this bill went through committee in the other place—and one morning they sat until 2 o'clock—I do not feel that we should send it to committee here, but when we come back in the fall we should re-open the whole thing and go to work on it.

Senator Marsden: Honourable senators—

[Senator Muir.]

The Hon. the Speaker: I have to advise honourable senators that if Senator Marsden speaks now, her speech will have the effect of closing the debate on second reading of this bill.

Senator Marsden: Honourable senators, I should like to thank Senator Muir for his very kind words on my earlier comments and also to say that I appreciated, as I am sure we all did, his very kind words about the Honourable Allan MacEachen who, I am sure, we will all miss and from whom we all learned a great deal. I should like to thank you for your support for the progressive aspects of this bill. The bill clearly is the product of discussions by both our parties and the third party in the house at an earlier stage, and it is gratifying to have that work supported here. Your view of the importance of unions and collective bargaining in the development of the protection of workers in this country is a view I share.

However, there is a very important role for legislation. I remind senators that on December 19, 1883, the Knights of Labour at their annual congress in Toronto called for a nine hour day and equal wages for women. We have had the nine hour day, the eight hour day and shorter hour days for a very long time, but last December was the 100th anniversary of the call for equal pay for women and still our earnings average only 60 per cent of the wages of men. Unions have not yet fought that battle successfully. I think they need our help and I hope that Senator Muir will join this side of the house in bringing about that legislation under a new government.

Senator Flynn: You may have to do that with us.

Hon. Fernand-E. Leblanc: Wishful thinking!

Senator Marsden: I am sure that your complaint about the timing of the bill is appreciated but it has been subject to extensive consultation. Nonetheless, in the same spirit in which the government by this bill has improved the Canada Labour Code through these amendments, I am confident that the new Liberal government will respond again to the need to amend the code, including consideration of the amendments which you would like to have put forward here.

Hon. Richard A. Donahoe: What a hope!

Motion agreed to and bill read second time.

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

Senator Marsden: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY BILL

SECOND READING

Hon. John B. Stewart moved the second reading of Bill C-32, to establish the Canadian Institute for International Peace and Security.

He said: Honourable senators, the purpose of Bill C-32 is to establish the Canadian Institute for International Peace and Security. Clause 4 of the bill outlines the specific purposes of the institute. It reads:

> The purpose of the Institute is to increase knowledge and understanding of the issues relating to international peace and security from a Canadian perspective, with particular emphasis on arms control, disarmament, defence and conflict resolution, and to
>
> (a) foster, fund and conduct research on matters relating to international peace and security;
>
> (b) promote scholarship in matters relating to international peace and security;
>
> (c) study and propose ideas and policies for the enhancement of international peace and security;
>
> (d) collect and disseminate information on, and encourage public discussion of, issues of international peace and security.

Those will be the specific purposes of this institute if it is established.

In its composition, the institute is somewhat like the International Development Research Centre. The institute would be composed of up to 17 directors, of whom two would occupy additional offices. One of these would be the chairman and the other would be the executive director of the institute. I want to point out to honourable senators that not all the other directors need be Canadian. Up to seven of the directors may be from countries other than Canada. This approach follows the model of the International Development Research Centre, of which I had the honour, before I achieved the greater honour of coming here, to be a governor. I was very much impressed by the contribution made by people from other countries to the deliberations of that board. They kept us from getting too much caught up in adulation of things Canadian; and they brought viewpoints which were refreshing and enlightening. I think the authors of this bill are to be commended for following that model to some extent.

● (1610)

Honourable senators, I do not propose to delay the house long in sermonizing about the importance of peace—we are all converts. The bill before us comes to us as a government measure. However, peace and its promotion are matters in which all Canadians, regardless of political party, are keenly interested. Peace and the promotion of peace are matters to which all Canadians are strongly dedicated. I suppose any disagreement in this respect concerns the means, the modalities of achieving the agreed end.

The bill before us was improved greatly by members of all parties in the other place. Speaking earlier on a prior order, Senator Muir referred to the Honourable Allan J. MacEachen. Until recently he was my member of Parliament.

An Hon. Senator: He still is.

Senator Stewart: Since he does not plan to run for re-election, I will not deliver a homily in his honour. However, in the other place he had this to say:

> There have been few other pieces of legislation about which consultation between the government and the opposition parties has been so close and so co-operative.

He then goes on to mention some of the ways in which that consultation took place.

The result of all this is that the bill, and the plans which are penumbral to it are really not so much a matter for one political party or another; they are a matter for Parliament. The most specific evidence that this is true is contained in the list of names of those who will be put forward as directors if the bill passes. I feel I ought to go down the list because some of the names will be interesting to honourable senators. More important than that, the list gives some sense of the type of institution this will be. These names give us some sense of the scope and amplitude of the activities to which the institution will be addressing itself. The names are: Norman Alcock, President, World Federalists of Canada; William Barton, former Canadian Ambassador to the United Nations; George Bell, Director, Canadian Institute for Strategic Studies and former General, Canadian Armed Forces; Christoph Bertram, Editor of *Die Zeit*, former Director of the International Institute for Strategic Studies, London; Harriet Critchley, Director, the Arctic Institute of North America, University of Calgary; Paul Desmarais, Chairman, Power Corporation; Gwynne Dyer, international affairs journalist and military historian; William Epstein, former Director of the UN Disarmament Division; Margaret Fulton, President of Mount St. Vincent University, Halifax; Albert Legault, Professor of Political Science, Laval University; Joanna Miller, Project Ploughshares, Saskatchewan, and former President of UNICEF Canada; Denis McDermott, President, Canadian Labour Congress; John Sigler, Professor of Political Science, Carleton University; Ian Smart, former Director of Studies, Royal Institute of International Affairs, London; Paul Warnke, former Director, U.S. Arms Control and Disarmament Agency; Lois Wilson, former Moderator of the United Church of Canada; and Gerald Wright, Vice-President, Canadian Donner Foundation.

These persons have not yet been appointed. Obviously, they cannot be appointed until the bill passes Parliament. However, this is the list of people who have been agreed between and among the several parties on the Canadian federal political scene. In a sense, that is the tangible evidence that this institute is not being set up by any one party, but, rather, is being thought of as a Canadian effort for the promotion of world peace.

I must confess that once upon a time I was enrolled in a school of international affairs. This has caused me to think from time to time about matters of peace and war. I wish to take advantage of this opportunity to unburden myself of two or three reflections which have grown upon me over the years as I have meditated upon peace and war. I use the term "war and peace", "peace and war", with a kind of private story in mind, a story which I will share with this chamber.

When General Eisenhower became President of Columbia University he was eager that the university should establish an

institute of war. Coming out of the experience of World War II, he thought this was a matter which was not being sufficiently examined in the United States of America. Of course, some of the professors at the university immediately got into a great flap. They thought that here was a militarist coming in who was going to turn the university into a sort of military academy. What happened in that academic setting is something that politicians will understand perfectly well. The university set up an institute and they called it "The Institute of War and Peace Studies." The General was happy, as were the doves. I find it difficult to talk about peace and war, or war and peace, without remembering the late General Eisenhower in that connection.

Let me say a word about the matter of maintaining peace. We hear so much about maintaining peace. There is such a proliferation of peace promoting activities that we begin to get bored. We hear about studies on peace; learned journals come on to one's desk on the subject of peace. Conferences are held with respect to the subject; I daresay that dozens of them are being held this month around the world. Institutes are being set up to deal with the subject of peace. Consequently, one might be tempted to say, "Not another institute for the promotion of international peace and security!" There is a kind of weariness, a kind of cynicism that over the years tends to set in. We come to think that we have heard it all before. That kind of cynicism, that kind of weariness ought to be resisted. I believe that to allow that kind of cynicism and weariness to overwhelm us would be to concede the battle, to give up the cause and to accept the end of our civilization. We simply must refresh ourselves, fight back against the fog of weariness, the fog of cynicism. At the same time, of course, we must take what is valid from that weariness and cynicism; and that is that a lot of frothy nonsense is frequently written and talked about war and peace, about peace and security. However, that does not mean that the whole effort should be abandoned. We must maintain a good balance.

● (1620)

Then there is another point. We sometimes think that there is a peace industry, that people will say, "They have good jobs; they are in the peace industry and that, of course, is an industry for which the market will never be saturated. There will always be an adequate market for more and more peace." Honourable senators, there is a point there, but only one point. We could also say that there is a health industry, and consequently close down the hospitals and fire all the doctors. We could say—heaven forfend—that there is an education industry and close down all the universities—remembering, of course, that there are only so many places in the Senate of Canada. What would happen to the poor professors in that case? What would happen to the students? Simply because some of these activities take on an aspect of employment and industry does not mean that these activities are not inherently valuable and worthwhile. I think we have to resist the industrialization of good works, but we must also resist the abandonment of good works simply out of fear of "industrialization.".

[Senator Stewart.]

On another point: It is very easy, when a politician proposes something highly desirable, to dismiss it as arising simply from political motivation. We know that some people in the media are inclined to dismiss all our efforts, whether we are provincial premiers or federal politicians, particularly if they entail good works, as being the product of mere political motivation. If politicians were scared off by that kind of comment and reaction, then we would do precisely nothing. In my opinion, we ought not to allow those who observe the political process to inhibit premiers, members of the House of Commons or senators from undertaking or advancing good causes merely because they happen to be politicians.

I should like to conclude, honourable senators, by suggesting to you that there is a good reason why we hear about more and more studies, conferences and institutes relating to peace. Very often, academics talk about "the problem of peace." I submit that that is a very misleading way of writing or speaking, because when you use that word "problem", you imply that there is a solution, that somehow or other you can crack the problem of peace, that you can then install the solution so that the world will be happy ever afterwards. A good conservative political philosopher once said that politics should never be thought of in terms of problems; he said that politics is rather like commanding a ship on the high seas. You deal with one wave and then you deal with another wave in the endless journey through time. I think that that is a much more realistic and valid approach than the so-called "problem" approach.

The "problem" approach is a misleading paradigm. It promotes undue optimism and, consequently, it promotes depression and desolation. Peace is something like liberty. The old adage says that liberty is maintained by eternal vigilance. Well, peace is maintained by eternal striving. We make peace and remake it, day after day, year after year. We must go back and track over the same ground, do many of the same things again, to educate ourselves and to educate the new generations as they come along. The mere fact that there is need for so much repetition should not cause us to think that nothing is being accomplished. Every day that peace is maintained, an accomplishment has been made; and, as circumstances change, new approaches must be adopted.

This bill proposes a Canadian Institute of International Peace and Security. This is a new approach. The institute is not designed to parallel or replicate the Department of External Affairs or the Department of National Defence. It is not designed to have the specific academic orientation of university departments of political science or of schools of strategic studies and the like. It is designed with a much wider scope than that. There is also the possibility that it will be consulted by the Government of Canada, and even, with the approval of the House of Commons, by the appropriate committee of the House of Commons. It will be a unique institution. No one can guarantee how much it will contribute, but I suggest to you that as long as we retain our hope for the future we must be bold enough to make bold departures such as this. Thank you, honourable senators.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I tell the Honourable Senator Stewart that I have listened with very close attention to his refreshing, challenging and persuasive words on the introduction of this piece of legislation. There is a question that he poses, at least by implication, to which we all must make a response, and that is: "What can we do for peace?" In this bill, he has offered some suggestions as to how some contribution may be made to that cause.

I must admit that when the first draft of the bill appeared I found myself in some difficulty with it because it was squarely in line with the usual government response to a difficult problem: That is to erect an institution, create a body or form a commission to tackle something that they are not very sure they can do something about themselves. In fact, in the realm of peace, we have had previous initiatives that have been in this general line. In the Throne Speech in 1978 there was a proposal that there should be an ambassador for disarmament. Nothing was done immediately, but in 1979 a consultative group was set up to deal with that subject. I have to confess I do not know what they ever did. I know that there have been minutes published which I have not had an opportunity to read, but apparently they did not make a good enough impression to have that register with some of us.

• (1630)

Then there was an ambassador for disarmament actually appointed in 1980. He held office for a couple of years and was replaced by another man who has since gone into another field leaving no ambassador for disarmament since the beginning of this year. So, when I first read this bill I thought it was another one of those—one hesitates to say "token" because they are more than that—moves that are not as effective as one would have wished in dealing with a problem of this kind.

The purpose of this bill is to provide and disseminate information on this topic, as stated in clause 4 of the bill. That clause was read by Senator Stewart and I interpret that to mean basically the collection of knowledge and the dissemination of knowledge on this problem.

When I first read the original version of the bill to see how this body was to be constituted, I saw that the entire authority was to be placed in the hands of the Governor in Council, with no guidelines setting out who should be asked to take part in the process, and I must confess that I had a certain skepticism. However, on reading the amended bill, which clearly shows the involvement of all parties in the House of Commons—although unfortunately we do not seem to be included in the magic circle of those to be consulted—and sets out the organization and structure by which this task is to be performed, which was modified to include input from the opposition parties and a provision to consult with the Leader of the Opposition, whether he has blue eyes or a big chin, that made me feel a great deal better because it seemed to me that the concept that I originally observed—that is, that it would be another government board—is now no longer correct. I am now disabused of that notion. It now appears to be much more an institution under the control and aegis of Parliament rather than of the executive.

That, I think, is a very good thing. I know that had the original version of the bill been presented to us today instead of this much-amended copy I would have had some harsh words to say respecting that way of proceeding in this important matter. So, I am glad to acknowledge that the amendments that have been made to this bill constitute, in my mind, a splendid improvement.

When one sees the list of names of those suggested as being members of this institute, one's sense of confidence is reinforced, because that is a list of worthy people, indeed, who will, if anyone can, make something out of this project.

I notice that there is a considerable amount of money to be made available. I am not sure I am right in offering this suggestion, but I will offer it in any event; I do hope there will not be an effort on the part of this government and this institution to duplicate a good deal of the work that is being done by other institutions. The world is not short, as Senator Stewart indicated, of organizations studying peace. There is the Institute of Strategic Studies located in London and the Stockholm International Peace Research Institute, two organizations of international repute. There are similar bodies in many other western countries. We have at least five Canadian universities studying that kind of thing. There is another body studying this subject, the report of which just came into my hands today, the Canadian Centre for Arms Control and Disarmament.

I hope that when this institute sets about its work it will consider the advisability of ensuring that institutions which are in that field, if it can be said that they are doing valuable work, will consider making grants to them out of the funds available to it, as it is entitled to do under the statute, rather than attempt to duplicate that work.

That brings me to a central problem. I wish I had an answer to it, but perhaps when Senator Stewart replies he can offer me some suggestions.

The purpose of the institute, as set out in clause 4, is to:

(a) foster, fund and conduct research on matters relating to international peace and security;

(b) promote scholarship in matters relating to international peace and security;

(c) study and propose ideas and policies for the enhancement of international peace and security;

(d) collect and disseminate information on, and encourage public discussion of, issues of international peace and security.

That is good, one cannot object to that, but where is the link between this activity and action? Where is the link between this dissemination of information or this collection of ideas, all of which are valuable and which I, by no means, downgrade? Where is the connection between that and getting something done?

Well, you may say that Prime Minister Trudeau tried, and he made a good try. I think we are grateful that he did make a good try, but it is obvious to me that for all his effort one has

to think that the impetus is diminishing—it has not petered out entirely, and I am a little surprised at that—because of the problems he encountered in making the move from ideas to action. I suppose you might say that the Canadian Parliament might be challenged to lend a hand; I suppose you might say that committees of this chamber or of the other place might be challenged to do what they can to devise means of securing some greater attention on the part of others to this worldwide problem. I do not know. I am puzzled by that. One does not have to convince anyone in this nation about peace; one does not have to convince anyone in this nation about disarmament—or very few; one does not have to convince anyone in this nation about the absolute horror of a nuclear conflict. The question is: What can we do about it?

My fear is that bodies of this sort, with the best intentions in the world, will have the same problem we have in this house in making the jump from knowledge, information and desire to action. I wish I could offer a solution to that difficult question. But then, perhaps, that question ought to be put to this institute as its first item, and perhaps the members of that institute, as representatives of the citizens of this country, can help us and help the people generally by proposing ways and means by which we can promote the cause of peace, not just in the realm of the intellect, but in the realm of action and effectiveness. If that can be done, I think we would all be eternally grateful to them.

So, I approach this bill with a revised frame of mind. When I first saw the legislation I was fairly hostile, but having seen the way it was amended to make it more non-partisan and acceptable in its structure, and when I see the names of the people who have been agreed upon as being the first members of the board, and as I listened to Senator Stewart's presentation earlier today, I must say that I feel better and have no objection to the passage of this legislation.

Senator Stewart: Honourable senators—

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

Senator Stewart: Honourable senators, if what I said originally is read together with the valuable comments made by Senator Roblin, everything that needs to be said is on the record.

Motion agreed to and bill read second time.

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

Senator Stewart: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

[Senator Roblin.]

Motion agreed to.

● (1640)

YORK UNIVERSITY

ESTABLISHMENT OF MURRAY ANTHONY ELIA CHAIR

Hon. Peter Bosa rose pursuant to notice of Tuesday, June 5, 1984:

> That he will call the attention of the Senate to the establishment of the Murray Anthony Elia Chair in Canadian Italian Studies at York University.

He said: Honourable senators, I am pleased to have the opportunity to bring to the attention of the Senate that a Chair in Canadian Italian Studies was established at York University, on May 14, 1984. That Chair is known as the Murray Anthony Elia Chair. First, I should like to express my thanks to the people and institutions that made it possible to achieve this objective. Mr. Elia contributed $350,000 without which funds we would not have been able to proceed with this project. I hope that the Italian community at a future date will express its thanks and gratitude to Mr. Elia in a more appropriate way.

I should also like to thank the Prime Minister of Canada and the Liberal government for establishing a policy of multiculturalism by which, through its program, namely, the Endowment Assistance Fund, it was possible for the Minister of State for Multiculturalism, the Honourable David Michael Collenette, to match the amount which was raised privately.

In addition, I should like to thank York University for hosting the Chair. York University is situated in the northwest corner of Toronto in the heart of the Italian community. The $700,000 fund will provide a permanent mechanism for the continuing studies of and research into the contribution Italians have made to the history and development of this country.

The question might arise as to why it was necessary to establish such a Chair. In my conversations with honourable senators, with people of Italian origin and Canadians in general, I realized that there is much ignorance on some of the historical facts about Canada. I think that this Chair will highlight research done on this subject and make it available to the public in general.

It must be remembered that in the fifteenth century, Italy was divided into several principalities. These principalities were often at war with one another. The leaders of the losing side often had to take refuge in another country. Some of the people who were on the losing side took refuge in France because France had a similar climate to Italy, the language was also similar and psychologically that country was very receptive to Italians because two Italian queens of the de Medici family, Catherine and Maria de Medici, married French kings and, consequently, Italians were welcome. The French were very clever people. They used these talented individuals in their colonies. Others, though, went to different countries, but not all of the expatriates were refugees; some left voluntarily in search of sponsors for their objectives. Others just happened to be there. For instance, Christopher

Columbus, or "Cristofolo Colombo", a Genoese, was in the service of King Ferdinand of Spain. He crossed the Atlantic in 1492 in search of the coast of Asia and landed in San Salvador. He claimed the land in King Ferdinand's name. Five years later, Giovanni Caboto, a Venetian in the service of King Henry VII, who is known in English Canadian history books as John Cabot and in French history books as Jean Cabot, crossed the Atlantic, following a much more northerly route and landed in what is now Cape Breton, Nova Scotia, although this is a point of contention with the people of Newfoundland. I am not going to dispute this difference of opinion between the two provinces.

At the same period of time another Italian navigator from Florence, Amerigo Vespucci, was in the service of Ferdinand of Spain. It is alleged that he crossed the Atlantic on the same route as Christopher Columbus, in 1497, but sailed beyond San Salvador into Central America and then veered left probably to Brazil. This voyage is disputed, but we are not going to try to delve into the accuracy of this voyage. Upon returning to Spain he wrote a letter to the de Medici family in Florence. In his letter he made reference to the new land or *Mundus Novus*. The letter was supposed to be a private one, but for some reason copies were made and they were circulated throughout Europe. One copy ended up in the hands of an Austrian cartographer, Martin Waldseemüller, who was in the process of drawing a new map of the New World. Mr. Waldseemüller, although he was aware of Christopher Columbus' voyage, because he liked the name "America", decided to name the southern part of the continent America.

Apparently, this map subsequently ended up in the hands of a famous Flemish cosmographer and cartographer by the name of Gerardus Mercator. Mercator was also drawing a map of the New World and on it he wrote "AME" on the northern part of the continent and "RICA" across the southern part, thus establishing forever the name of America in the New World. This information is contained in a book entitled *The Children of Columbus*, written by Erik Amfitheatrof. Again, I am not going to challenge the information contained in this book, and I am only sharing that information with honourable senators.

• (1650)

The true discoverer of America was a man of whom very little is known; his name was Giovanni da Verrazzano. There is a bridge named after him in Manhattan. He was one of the four great Italian navigators and explorers.

Hon. Jacques Flynn (Leader of the Opposition): Everyone came from Italy.

Senator Bosa: At one time or another I suppose they must have all gone through there.

Senator Frith: The Garden of Eden was not in Italy.

Senator Bosa: Giovanni da Verrazzano crossed the Atlantic in 1524 following a route half way between that of Columbus and that of Giovanni Caboto. This was ten years before Jacques Cartier's first voyage.

Senator Flynn: What was the second name?

Senator Bosa: Giovanni Caboto.

Hon. Nathan Nurgitz: What happened to John Cabot?

Senator Bosa: Giovanni da Verrazzano was in the service of the King of France, Francis I. He landed in what is now North Carolina and sailed south to Florida. He then proceeded all the way north to Nova Scotia proving for the first time that Canada was linked to the rest of the North American continent.

While sailing, he made frequent landings and took account of the life of the natives, of the vegetation and of the soil conditions. He went back to France and convinced the French court that it was possible to colonize the new land and that further exploration was desirable.

He also drew a map of the land that he had explored and he wrote on it "Francesca" in honour of Francis I. That name appeared on two or three maps and later it disappeared because, by that time, the maps of Waldseemuller and Mercator had already been circulated in Europe and, consequently, it was an accepted fact that it was named "America". I suppose that, if da Verrazzano's name of the new land, "Francesca," had remained, we, today, perhaps would be known as "Francescans."

Da Verrazzano knew that the place at which he had landed was a new body of land that lay between Europe and Asia. Unlike Christopher Columbus and Giovanni Caboto, he was convinced that this was the new world. Amerigo Vespucci at first thought he had landed on a new world but then reversed himself and was of the opinion that it was the coast of Asia.

When we examine the history of Canada we find that Italians have played a significant role throughout its history. In 1642 Father Bressani, a Jesuit, established a Catholic mission in Huronia, Ontario. The first regiment that came to New France to defend the settlers from native attacks, the Carignan Regiment, contained many Italian soldiers and officers. One such officer was named Carlo Marini. The Marini family was of noble Genoese origin. Captain Marini came to this country in 1664 and served in New France all his life. His son Paul became a high-ranking officer in the army and served in the Ohio region. The grandson, Giuseppe Marini, an officer, was wounded at the Battle of the Plains of Abraham in 1759.

Hon. Royce Frith (Deputy Leader of the Government): On which side?

Senator Bosa: On the French side, but Italians did not confine themselves to helping only the French, which I will explain in a moment.

In 1678, Enrico Tonti came to Canada. He was the assistant to de la Salle. While de la Salle went back and forth to raise funds to finance the explorations, it was Enrico Tonti who actually did the exploring. He built ships to cross the lakes and built forts to fend off the attacks by unfriendly natives. It was he who learned the languages of the natives. He established channels of communication with the Indians. He spent 25 years exploring the North American continent. He had an intimate knowledge of the continent from Hudson Bay to the Mississipi River and to the Gulf of Florida.

In 1703 Captain Tommaso Crisafi was appointed Governor of Trois Rivières.

Senator Flynn: Who?

Senator Bosa: Captain Crisafi was one of two brothers who served in New France in the French army. He was appointed Governor of Trois Rivières.

Senator Flynn: In what year?

Senator Bosa: In 1703.

Senator Flynn: Oh, yes.

Senator Frith: You remember?

Senator Flynn: One was my ancestor, but not a Flynn.

Senator Bosa: In 1759 at the Battle of the Plains of Abraham, third in command was Carlo Burlamacchi, known in French Canadian books as Bourlamaque. Brigadier General Carlo Burlamacchi played a key role in the Seven Years War that preceded the Battle of the Plains of Abraham. He laid siège to the City of Quebec in the winter of 1760 and defeated the British at the Battle of St. Foy. When in the spring the British navy appeared in the harbour, which event sealed the fate of New France, all these high-ranking officers were permitted to go back to France. Burlamacchi wrote the history of the battle of the Plains of Abraham, which is now in the archives of Paris.

In 1812, two regiments came here—the de Meuron and the de Watteville—to fight against the Americans on the side of the British. There were somewhat in excess of 300 Italian soldiers in the de Meuron Regiment. The de Watteville Regiment also contained a large number of Italians, although it is not known how many.

At the end of the war in 1816, these regiments were disbanded and most of the soldiers were given plots of land, as it was the usual practice of the British to give land to war veterans. They settled in the area of Drummondville which was the area the Americans would have attacked if they were to attack again.

During the Upper Canada Rebellion in 1837, Captain de Grassi of Toronto and his two daughters, Charlotte and Cornelia, played a very important role by providing intelligence about the rebels who were assembled at Montgomery Inn.

Honourable senators, I will not go into the nitty-gritty of other particulars of the history of Italians in Canada because I think I have been able to put before the Senate a few historical facts which indicate that Canadians of Italian origin have deep roots in this country.

It is necessary and important for people to know this history because, if Italian people learn that their ancestors have made such a great contribution to the history and development of Canada, they will feel a greater sense of belonging. I also believe that the more we learn about each other's contributions to Canada, the more likely we will be to accept one another as equals and not as intruders.

[Senator Bosa.]

I hope that with the establishment of the University Chair in Canadian Italian studies, it will bring to the surface historical facts which are not too well known at this time.

I also hope that other minority groups will research their historical backgrounds in order that we may learn more about each other. I think this history should be taught in elementary schools where children may learn about their ancestors' contribution to Canada, thus building a more harmonious society in this country, a society that is already amongst the most tolerant and open in the world.

• (1700)

I thought that I would share with honourable senators some of these facts so that they would know the reason why we have established a chair of Canadian Italian studies at York University.

Hon. Senators: Hear, hear.

The Hon. the Speaker: If no other honourable senator wishes to speak, this inquiry is considered debated.

ABORIGINAL ISSUES

SPECIAL SENATE COMMITTEE—APPOINTMENT OF MEMBERS

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of June 27, 1984, moved:

> That Rule 66(1)(b) be suspended in relation to the nomination of Senators to serve on the Special Committee of the Senate on Aboriginal Issues; and
>
> That the following Senators be appointed to act on the said Special Committee, namely, the Honourable Senators Adams, Bielish, Gigantès, Kirby, Marsden, Steuart and Watt.

He said: Honourable senators, I gave notice of this motion yesterday. It is a corollary to a motion that was passed earlier establishing this committee. There are two ways in which we normally name senators to committees. One is by using the Committee of Selection, and the other, which we occasionally use, is the practice of doing so directly by motion. That is the reason for this motion.

Motion agreed to.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, June 29, 1984, at 10 o'clock in the forenoon.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, tomorrow morning at 10 o'clock we will give third reading to the bills that received second reading today. Information I have received from the other place indicates that we will have received Bill C-43, respecting the Canada-Nova Scotia Agreement on Offshore Oil and Gas Resource Management and Revenue Sharing. Because of extended hours this evening in the other place, we may also receive Bill C-30, to amend the Bank Act and Bill C-36, to amend the Interest Act. As I have mentioned, the amendments to the Bank Act simply deal with increasing the space for foreign banks, and those to the Interest Act form what is essentially a companion piece to Bill C-37, which dealt with mortgage protection. As I mentioned earlier today, there is the possibility that we will receive Bill C-24, to amend the Financial Administration Act.

We may receive several non-controversial bills. On the list I have been given are: Bill C-38, the Foreign Extraterritorial Measures Bill; Bill C-51, to implement a convention between Canada and the United Kingdom of Great Britain and Northern Ireland regarding reciprocal enforcement of judgments; a bill dealing with miscellaneous statutes for which I do not yet have a number; Bill C-50, to amend the Agricultural Stabilization Act, and another bill that does not yet have a number which deals with some amendments to the Saltfish Marketing Act. That list has been given to me as representing legislation we could receive, but there may be some shifting in it.

The plan would be to proceed with that legislation requiring third reading, after which we will deal with non-controversial legislation. The House of Commons will adjourn to wait for us to dispose of any legislation we are able to dispose of, after which it will join us for Royal Assent.

Hon. Duff Roblin (Deputy Leader of the Opposition): When will the house adjourn?

Senator Frith: It will adjourn when it has finished with the legislation it will pass.

Senator Roblin: There is no time set for the adjournment?

Senator Frith: No.

Hon. Jacques Flynn (Leader of the Opposition): We have not heard anything about Bill C-252, which is a private bill that has just been passed by the House of Commons.

Senator Frith: I thank the honourable senator for that reminder. Bill C-252, to grant access to records of the Special Committee on the Defence of Canada Regulations, has been sponsored by Mr. John Reid and Mr. Blaine Thacker. For the benefit of honourable senators, I will read from the explanatory note:

> During the Second World War a Special Committee on the Defence of Canada Regulations sat *in camera* and limited the distribution of its minutes and evidence to its members. The purpose of this Bill is to authorize the release of all the records of that Committee which are still classified.

I believe that the inspiration for the bill came about because of a wish to do some research on the whole question of civil liberties during wartime. The researchers found what I suppose is a bit of a treasure trove of material in the Minutes of that committee, and then found that there was no way in which the material could be released. That is the purpose for this bill.

Motion agreed to.

The Senate adjourned until tomorrow at 10 a.m.

THE SENATE

Friday, June 29, 1984

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

STADACONA MINES (1944) LIMITED—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-16, to revive Stadacona Mines (1944) Limited and to provide for its continuance under the Canada Business Corporations Act, and acquainting the Senate that they had passed the bill without amendment.

CANADA-NOVA SCOTIA OIL AND GAS AGREEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-43, respecting the Canada-Nova Scotia agreement on offshore oil and gas resource management and revenue sharing and to make related and consequential amendments.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

BANK 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-30, to amend the Bank Act.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*English*]

FINANCIAL ADMINISTRATION 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-24, to amend the Financial Administration Act in relation to crown corporations 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?

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

DEFENCE OF CANADA REGULATIONS

BILL TO GRANT ACCESS TO RECORDS OF SPECIAL COMMITTEE—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-252, an Act to grant access to records of the Special Committee on the Defence of Canada Regulations.

Bill read first time.

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

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the Senate has received messages from the

House of Commons concerning the passage of four bills which, I imagine, they hope we shall adopt today.

My first question is directed to the Deputy Leader of the Government: Does the House of Commons still intend to adjourn at five o'clock today? In the other place, they might get unanimous consent for sitting next week, considering the rate at which they have been working these last few days!

In the event of an adjournment at five o'clock this evening, can we expect to receive other bills which the Senate would be expected to adopt before five o'clock today?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, according to information I obtained this morning, the Commons plans to continue debate on a number of bills today. Although it is not quite the same list I gave you yesterday afternoon, the list I have here seems to be final. We do not have the assurance that all these bills will be passed in the other place, but I will name them, in any case. There is Bill C-50, which concerns the Department of Agriculture and relates to meat products; Bill C-47, concerning the rights of women and other aspects of the Indian Act; Bill C-56, a bill to amend the Farm Products Marketing Agencies Act; Bill C-51, a convention concerning a reciprocal agreement on enforcement of judgments with Great Britain and the United Kingdom; Bill C-54, a number of amendments concerning the Public Service and the Public Service pensions; Bill S-11, a Senate bill; Bill C-53, to establish the Mingan Archipelago National Park; and Bill C-36, to amend the Interest Act.

The other place will also be considering a general repeal bill. If I understand correctly, this is a formality, and concerns committee reports of the House of Commons and the Senate. There is another question concerning Bill C-52. My information is that the bill will be withdrawn to allow a committee of the other place to sit during the summer, to consider the subject matter of the bill.

There is a bill, as yet unnumbered, to amend the Saltfish Act. The purpose of the bill is to double or to increase the authorized amount of investment capital.

To get back to the adjournment question, according to my information the House of Commons is trying to complete consideration of these bills between noon and two o'clock, and will then adjourn at the sound of the bell and wait to see which bills we adopt. We could therefore have a Royal Assent by the end of the day.

Senator Flynn: Did I understand correctly that the House of Commons might adjourn around 1 p.m.?

Senator Frith: We hope so.

Senator Flynn: Does that mean we will not receive other bills after that, that any bill we expect will get here before 1 p.m. or 2 p.m.?

Senator Frith: That is the question I asked and the answer is yes. They hope, anyway.

Senator Flynn: If, perchance, we were exceptionally fast in working through the list of bills mentioned by the deputy leader, we would have 11 in addition to the four we received since yesterday. We would therefore have 15 bills—not bad for a day's work!

Senator Frith: There are other items, but as far as—

Senator Flynn: Have you found more?

Senator Frith: Oh no, those are all the bills. There are other items on the Order Paper.

Senator Flynn: The list you gave me adds up to 10 bills.

Senator Frith: I have nine.

Senator Flynn: You mentioned a bill concerning saltfish, but it has yet to be introduced in the House of Commons.

Senator Frith: No.

Senator Flynn: I counted at least 10 bills in addition to those of yesterday; that makes 14 or 15 bills all told. At this stage of the game, we are not going to argue about one or two additional bills.

Senator Frith: I cannot understand how you arrive at a maximum of 15 bills. The bills are C-51, C-47, C-26—

Senator Flynn: C-50, C-37, C-26, C-51, C-54, S-11, C-53, C-36, C-52; there are two more which we have not received yet.

• (1010)

[*English*]

Hon. H. A. Olson (Leader of the Government): Not Bill C-52. That will not come before the Senate. They are referring that to a committee.

[*Translation*]

Senator Frith: As I said, it adds up to nine bills at most.

Senator Flynn: Plus the other four.

Senator Frith: The four bills we have.

Senator Flynn: Exactly.

[*English*]

FOREIGN AFFAIRS

EFFORTS TO REUNITE FAMILIES OF POLISH IMMIGRANTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Haidasz on June 26, 1984, concerning efforts of the government to reunite the families of the three Polish hunger strikers in Toronto. The answer is rather lengthy and I ask the permission of the Senate to have it taken as read.

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

Hon. Senators: Agreed.

(*The answer follows:*)

> The Deputy Prime Minister met yesterday with the Polish Ambassador. During their discussions, the Deputy Prime Minister put forward the Canadian government's clear concern about the three Polish hunger strikers in Toronto.

At the same time, Peter Hancock, the Director General of Canada's Eastern European Bureau met with the Polish Foreign Minister in Warsaw on Monday and made similar representations.

The Polish Government has been one of the most forthcoming in cases concerning family reunification and the Government feels that representations made by the Secretary of State for External Affairs and senior departmental officials are the best means of bringing that about.

NEWFOUNDLAND

ST. JOHN'S—PORT AUX BASQUES RAILWAY FREIGHT LINE

Hon. H.A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on June 13, 1984, concerning the St. John's—Port aux Basques railway freight line. The answer is fairly lengthy. Therefore, may I have permission for that answer to be taken as read?

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

Hon. Senators: Agreed.

(*The answer follows:*)

In 1980/81 the federal government commenced a 5-year $67 million Testing and Evaluation program to revitalize the railway in Newfoundland and to determine its long-term role. The primary thrust of the program was the implementation of a container-based system. This is a process whereby the conventional railway cars are replaced by containers. The shipper on the mainland loads his commodity into a container that is taken by truck to a terminal where it is placed on a container flat car for delivery via rail to North Sydney. At North Sydney the container is placed on a rubber tired chassis for movement across the Gulf to Port aux Basques. At Port aux Basques the container is loaded again onto a railway container flat car whereby it is delivered by rail to one of the three terminals located at Corner Brook, Grand Falls and St. John's. At the terminal the container is loaded onto a rubber tired chassis for final destination delivery by truck. This use of containers allows CN to provide a competitive door-to-door service with a greatly improved level of service.

Early reports on the program are positive; shipper acceptance is high and the railway has regained previously lost traffic. An evaluation of the program is currently underway to serve as part of a review of the general transportation situation in Newfoundland in order that government can determine an appropriate role for the railway by March 31, 1985, the termination date of the Railway Testing and Evaluation program.

VETERANS AFFAIRS

PENSION ACT—ADJUDICATION PROCESS

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Senator Marshall directed a question to me on June 20 with respect to the appointment of a review of the adjudication process under the Veterans Affairs Pension Program. At that time I said that I would take the question as notice.

I have been advised by the Minister of Veterans Affairs that such a review will take place. It will not deal with the expansion of policy questions, but that it will be directed to administrative practices within that process.

NOVA SCOTIA

SYDNEY—PROPOSED CIVIC CENTRE

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, a question was directed to me on June 25 by Senator Muir. He asked about the possible federal financial assistance for the construction of a civic centre to be located in Sydney, Nova Scotia. I made inquiries and while the matter has been drawn to the attention of the Secretary of State, no action has as yet taken place.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—VACANCIES

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Senator Muir asked me a question on March 6, 1984, with respect to the Cape Breton Development Corporation. He requested information concerning the board of directors of that corporation.

I have been advised by the Honourable Ed Lumley, the minister responsible, that the board is composed of Steve Rankin, who is also president; Joseph Shannon, who is also chairman, and members Dr. John Burke and Donald MacInnis. There remain three vacancies to be filled. Mr. Lumley is actively seeking appropriate people to fill those vacancies. Senator Muir is not in the chamber and I was going to suggest to him that he write to Mr. Lumley with whatever proposals he may have.

JUSTICE

ALLEGED URANIUM CARTEL—STATUS OF PROSECUTION

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, earlier this week Senator Roblin said that there were three outstanding questions which I had not addressed. The first question was brought up by him on December 19, 1983. I have read the proceedings between Senator Roblin and myself for that date, and I rose in the chamber to respond more fully to his question on December 21. I am not aware that there are any further matters outstanding on the subject of the uranium cartel and the status of prosecution. Senator Roblin will be aware that the Minister of Justice made a full statement on the matter and answered all of his questions, and I also repeated them in this chamber on December 21.

ENERGY

PETROLEUM INCENTIVE PROGRAM—STATUS OF GRANTS FOR CANADA LANDS EXPLORATION

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, Senator Roblin further referred to a question on January 17, 1984, concerning the Petroleum Incentive Program. I said I would take notice of that matter. As a result of my inquiries, I decided that the information Senator Roblin had requested was so extensive and detailed that I would not continue to pursue the matter, inasmuch as I had no ministerial responsibility for the area. I asked the deputy house leader to reply to that question. There is material being assembled, but it has not been provided to me and therefore I have not been able to give it to the deputy house leader.

CANADA DEVELOPMENT INVESTMENT CORPORATION

FINANCIAL STATEMENTS

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, another question Senator Roblin asked me to reply to this week was relating to questions raised on May 10, 1984. At that time he was asking for financial statements and the first quarterly report. I searched my files and I recall providing him with the annual report and the first-quarter report for CDIC. I hope that deals with all of the concerns that Senator Roblin had.

● (1020)

THE SENATE

LEGISLATIVE PROGRAM

Hon. Hartland de M. Molson: Honourable senators, I should like to ask the Leader of the Government if he is not concerned over the Senate's dealing with 13 bills in two hours. Is this not, in effect, doing a disservice to this institution, the upper house? It seems to me that it puts this chamber back into the category of a rubber stamp.

Although I fully realize the value of passing legislation which tidies up a lot of outstanding matters, I do not think the Senate should bear the brunt of the criticism this process obviously receives in the media. It will only reinforce the concept of a rubber stamp, if it is used 13 times in a couple of hours.

Hon. H. A. Olson (Leader of the Government): Honourable senators, it is a matter of perception. Most of these bills have been in the public domain for a long time. Indeed, over the past weeks and months we referred the subject matter of many of these bills which we expected to receive to committees.

I would be the first to acknowledge that in respect of one or two of the bills that may come to us today, we may have to accept the fact that they have been in committee in the other house for weeks and, in some cases, months.

NOVA SCOTIA

SYDNEY—PROPOSED CIVIC CENTRE

Hon. Robert Muir: Honourable senators, I should like to address my question to the Minister of State for Social Development. Since he is smiling, perhaps he has some good news to pass on.

On a number of occasions I have posed questions regarding the possibility of federal financial assistance for the construction of a new Civic Centre in the city of Sydney, Nova Scotia, to celebrate that city's 200th anniversary. Since the honourable senator is always up to date, I am sure he knows that the Province of Nova Scotia has committed itself to contributing $3 million towards this project on the condition that the federal government will come through with an equivalent amount.

It is my understanding that recently Senator Austin has been listening to requests for financial assistance to construct domed stadiums, auditoriums, and so on. Is he in a position today, which I presume will be the last day we will be sitting for a considerable period, to give us some small encouragement regarding this question? If he cannot give us any information today, I would be glad to hear from him on this matter at any time.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, during the course of delayed answers, before Senator Muir came into the chamber, I responded to his earlier question. I have made inquiries and, while the information he has just outlined is known to the Secretary of State, no action has been taken on the matter. That is all the information I have at the moment. I would be delighted to be in a position to assist the honourable senator further.

Senator Muir: Honourable senators, I apologize for not being in the chamber earlier. I also apologize to the minister, but I was busy answering telephone calls from the east coast and other parts of Canada—calls from people asking me if I knew who was going to be in the new cabinet or out of it.

Hon. Jacques Flynn (Leader of the Opposition): What did you tell them?

Hon. H. A. Olson (Leader of the Government): Did they have the right phone number?

WESTERN GRAIN STABILIZATION ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-33, to amend the Western Grain Stabilization Act.

Motion agreed to and bill read third time and passed.

CANADA LABOUR CODE FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Senator Marsden, moved the third reading of Bill C-34, to amend the Canada Labour Code and the Financial Administration Act.

Motion agreed to and bill read third time and passed.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY BILL

THIRD READING

Hon. John B. Stewart moved the third reading of Bill C-32, to establish the Canadian Institute for International Peace and Security.

Motion agreed to and bill read third time and passed.

CANADA-NOVA SCOTIA OIL AND GAS AGREEMENT BILL

SECOND READING

Hon. Henry D. Hicks moved the second reading of Bill C-43, respecting the Canada-Nova Scotia Agreement on Offshore Oil and Gas Resource Management and Revenue Sharing and to make related and consequential amendments.

He said: Honourable senators, on March 2, 1982, the Governments of Canada and Nova Scotia reached an agreement on offshore oil and gas resource management and revenue sharing. I have a copy of the agreement in my hands now. Bill C-43 is the legislation that provides the machinery for carrying out the terms of this agreement. I shall review briefly the operation of this program.

Honourable senators, I should first say that, to me, this is a fine example of co-operation between the federal government and the government of a province—in this case, my own province of Nova Scotia. It provides a generous revenue-sharing arrangement for the province of Nova Scotia. Perhaps the most interesting characteristic of this bill is the fact that neither government, federal or provincial, continues to develop its claim legally to the offshore resources. They have agreed, rather, for the sake of this agreement and for the better management of the offshore resources, to put aside their claims to jurisdiction over the offshore. Each government has introduced complementary legislation to implement the terms and conditions upon which they have agreed. Indeed, a bill similar to this one—in fact, it has been referred to in some of the correspondence as a mirror image of—has already passed through the Legislature of Nova Scotia and received Royal Assent in that province. As I have said, this marks in my view an excellent measure of co-operation between the two levels of government. The two governments will therefore avoid any questions of jurisdiction by delegating authority to the appropriate minister and to a board, to which I will refer later, known as the Canada-Nova Scotia Offshore Oil and Gas Board.

• (1030)

With respect to revenue sharing, this legislation will ensure that for a very long time Nova Scotia will receive substantially more revenue than if the resources were actually on the dry land of Nova Scotia. Not only will Nova Scotia receive all of the provincial type of revenue, but it will receive all of the federal tax revenue except the federal corporate income tax. These taxes include the basic royalty, revenues equivalent to a provincial type of corporate and retail sales tax in the offshore, bonus payments and licence fees, and the largest remaining federal tax: the petroleum and gas revenue tax.

The reason for Nova Scotia's receiving this generous treatment is the fact that Nova Scotia's fiscal capacity, as measured by standards agreed upon by the federal government and the provinces, is still well below the national average, and until the province's per capita fiscal capacity reaches 110 per cent of the national average—again adjusted upward by two percentage points for each one percentage point by which the province's unemployment rate exceeds the national average—the province will receive all revenues except the federal portion of the corporate income tax. If the province's fiscal capacity exceeds 110 per cent of the national average adjusted by the unemployment factor, the federal government will then, and only then, begin to share in the offshore revenues.

All of the provincial type offshore revenues collected from the Bay of Fundy and Sable Island and its footprint will always go to the provincial government no matter how high its fiscal capacity. I have used the term "footprint" in relation to Sable Island. So far as I know, that is a term that appears for the first time in this legislation. It refers to the great masses of shifting sands which surround Sable Island and which are not the same from year to year, but which, for the purposes of this legislation, are known as the footprint of Sable Island. Their extent, as a matter of fact, is considerably greater in area than that of Sable Island itself.

In any event, as I have said, all of the revenues from the Bay of Fundy area and from Sable Island and its footprint so-called will accrue to Nova Scotia no matter what the fiscal capacity of the province may be in the future.

Nova Scotia at present receives equalization payments from the federal government, and those will be reduced as it gains offshore revenue. This is an important principle of the equalization system. However, this legislation contains special measures to protect the province from the full effect of losing equalization, at least immediately.

The province has the choice of two formulae for reducing the loss of equalization payments. Under one formula, the payments would start as soon as production from the first major offshore project begins. The province would get offset payments equal to 90 per cent of the value of the reduction in equalization payments from the time production begins to the end of the first full fiscal year following. Offset payments are then reduced by 10 per cent in each subsequent year until

eventually they will be phased out. Alternatively, if the province preferred, it could postpone the beginning of offset payments for up to three full fiscal years after production begins. Once the offset payments started, they would be calculated as under the first formula and would be subject to a ceiling such that they could take the province to a per capita fiscal capacity equal to but not greater than 100 per cent of the average fiscal capacity of the ten provinces. Honourable senators, perhaps I have compressed this rather complicated matter unduly, but I believe the general import is not too difficult to understand.

I referred previously to the Canada-Nova Scotia Offshore Oil and Gas Board. This legislation will make the interim board a permanent institution with legal authority. I should say here that the interim board, comprised exactly as the permanent board will be composed under this legislation, has been operating harmoniously for two years and, so far as I can determine, in a manner entirely satisfactory to both federal and provincial authorities. The administrator of the Canada Oil and Gas Lands Administration will be the chairman of the board as he has been in the case of the interim board which he has chaired for two years. Two other board members will be appointed by the federal government and two by the provincial goverment. The Nova Scotia Minister of Mines and Energy will have ultimate authority for most management decisions with respect to the Bay of Fundy and Sable Island and its footprint. The federal minister will have ultimate authority in the rest of the offshore area. The appropriate minister will be able to accept or modify a decision of the board and make one in the absence of a decision from the board. The provincial board members have a right to suspend certain key decisions of the board, such as approval of an exploration agreement, development plans and benefit plans, for a period of time ranging from three months to one year.

These management provisions are important because they ensure that both federal and provincial interests are protected and they provide the petroleum industry with the certainty in the "rules of the game" that it needs in order to proceed with development of offshore resources. Although there are mechanisms to protect both federal and provincial interests, during its two years in existence as an interim body the board has never used these mechanisms. Decisions were invariably made on the basis of a consensus. We expect this will continue to be the way the board reaches most of its decisions, hopefully all its decisions, in the future.

I should also refer to another feature in this legislation that is of assistance to the province of Nova Scotia. That is the establishment of a development fund which will be in the amount of $200 million to be created from federal revenues entirely. It is designed to help the provincial government defray the costs of providing infrastructure to promote offshore petroleum activity in a timely manner. Funds will be made available for four years at a rate of $50 million per year beginning this year, 1984. The remaining balance in the fund will be carried forward until production begins, ensuring that money is available for approved projects as they are developed. The province will reimburse the fund but repayment will be spread over ten years and begin only in the third year after natural gas or oil production has begun.

The Canada Oil and Gas Lands Administration, or COGLA as it is popularly known, provides for a crown share of oil and gas resources. This crown share is 25 per cent of the resources to which it refers. This legislation enables Nova Scotia, at its discretion, to acquire up to 50 per cent of the crown share in a natural gas field and up to 25 per cent of the crown share in an oil field once a significant discovery has been declared. That means that Nova Scotia could acquire 12.5 per cent of the resources in a gas field and 6.25 per cent of the resources in an oil field, since this would be 50 per cent of 25 per cent in one case and 25 per cent of 25 per cent in the other case. This bill does not in any way change the crown share provisions as set out in the Canada Oil and Gas Act. Rather, it deals with how the crown share is divided between the federal and provincial governments.

There is another provision in the bill guaranteeing that before approval is given for new oil or gas trunk pipelines related to offshore activity, the provincial government will be given the opportunity to participate in an ownership interest of up to 50 per cent of the project on terms that a commercial investor would reasonably expect. In other words, if it wishes to acquire its own title to a pipeline that may relate to this offshore development, Nova Scotia will have to pay its share, and by so doing it can acquire an equity of up to 50 per cent of those pipelines. The bill also provides that Nova Scotia will benefit first from any new oil and gas production in the offshore. New oil or gas production will be made available commercially in Nova Scotia to serve consumer needs and as a feedstock for existing industry before it is sold outside the province. New industrial facilities will be ensured of the availability of feedstocks as long as these feedstocks are in excess of what is needed to meet the demand of existing industrial capacity in eastern Canada. This latter provision applies to eastern Canada beyond the boundaries of the province of Nova Scotia.

• (1040)

In summary, this bill would require petroleum companies negotiating exploration agreements to submit plans showing, to the satisfaction of the Canada-Nova Scotia Board, how residents of the province would benefit from the activity. Specifically, the companies would show how they propose to employ residents in all aspects of the exploration progam, and how the companies will provide manufacturers, consultants, contractors and service companies based in Nova Scotia with a full and fair opportunity to compete in the supply of goods and services to exploration programs. Also, companies will be required to submit programs satisfactory to both governments for education, training and research and technology development.

I should conclude my remarks by referring to what has been accomplished under this agreement to date, operating as it has been under the informally constituted board. Some 33 exploration agreements have been signed for activity off the coast of Nova Scotia. Under these agreements, petroleum companies

have committed themselves to spending more than $2.4 billion over the duration of these 33 agreements which have already been approved. In 1983, approximately $150 million was invested in Nova Scotia. Approximately 2,000 jobs have been created directly by petroleum activity and several hundred more because of the multiplier effect of such activity.

About 200 companies in Nova Scotia are participants in the offshore effort. Many are local firms that specialize in marine and logistical services as well as in fabrication. Several companies have moved to Nova Scotia in order to participate in offshore activity.

If I may interject a personal note here, last week when I returned to Halifax I had the honour and pleasure of representing the federal government at the launching of an undersea craft called the *Deep Rover*, a one-man submersible, or mini-submarine, capable of working on the ocean floor down to 1,000 metres or even lower. This craft was manufactured entirely in the Halifax-Dartmouth area, with the exception of the arms that enable the machine to work outside the enclosure containing the operator of the machine. These arms were made by a related company in California and are extremely sensitive. I was told that they could pick up an egg without breaking it or they could pick up objects weighing as much as 200 pounds. It is hoped that this prototype, to which the Government of Canada contributed $960,000, will be duplicated again and again and eventually sold all over the world. As I said, it was manufactured in the Dartmouth area of Nova Scotia. If it is—and the developers are very certain that they will have contracts to do so—even the sensor arms will be manufactured in Canada because the licences and techniques will be transferred from the California company to a company incorporated in Canada. Honourable senators, this just happened to be brought to my attention when I was asked to represent the federal minister at the launching of this craft the other day. This company is of course one of the 200 that I have referred to in my text as having been established in Nova Scotia as a result of the offshore oil activity.

This year we expect a record level of rig activity off the coast of Nova Scotia. We expect as many as ten separate rigs to be working the offshore at one time or another throughout the year. In 1983 there were some eight rigs in operation; in 1982 there were six; in 1981 there were two; and in each of the three preceding years there was one rig in operation each year. Thus, Nova Scotia has benefited and is benefiting considerably from offshore exploration. We all hope that before too long this will turn into the production of oil and gas and become an on-going and continuing source of revenue and employment to the province of Nova Scotia.

As I said at the outset, I think this method of resolving the uncertainty about offshore jurisdiction is very good. I am glad the Government of Nova Scotia and the Government of Canada have been able to agree on such a sensible working arrangement, as is legally provided for in Bill C-43.

Hon. Senators: Hear, hear.

[Senator Hicks.]

Hon. Frederick W. Rowe: Honourable senators, could Senator Hicks tell us whether the agreement envisaged in the bill before us is something of a precedent? I believe, although I am not sure, that this is the first time an agreement of this type has been made between Ottawa and a provincial government.

Senator Hicks: That is correct, Senator Rowe. This bill provides—I am not sure I can put my finger on the clause, but if pressed I will try to find it—that, if other arrangements are made with other provinces that provide more favourable terms than are contained here, Nova Scotia will be able to benefit by them as well. From that, I presume that the federal authorities feel that this may be some kind of precedent that can be extended to apply to other provincial jurisdictions as well.

Hon. Richard A. Donahoe: Honourable senators, I wish to begin my remarks by informing you that this is probably the last occasion on which my voice will be heard in this chamber. That will leave some of you with mixed feelings. There will be some who will feel that that is a good thing—

Hon. Senators: No, no.

Senator Donahoe: —and there will be others who will view it with a degree of regret—

Hon. Senators: Yes, yes.

Senator Donahoe: However, whichever way you view it, it happens to be a fact.

Honourable senators, in rising to discuss the bill which has been so learnedly explained to us this morning, I hasten to assure you that while I intend to disclose my attitude toward this bill I do not intend to deal with it in detail, nor as knowledgeably as did my friend Senator Hicks in presenting it. I will explain why I adopt a course that is slightly different from his.

There is a great temptation to illustrate, as Senator Hicks did, how well informed you are, how much you know, how well you can express yourself and go into minute detail in respect of a bill of this nature. However, I will resist that temptation, as he was unable to do. I will resist the opportunity and express my views a little later.

During my years of serving in this chamber I listened carefully and extensively to the speeches made here. I never noticed that there was any slavish observance of any rules of relevancy in what was being said. In other words, I feel that often senators got to their feet and expressed their general sentiments with little regard, if any, for whether it was the appropriate time to do so. Perhaps I will be forgiven this morning if I say a word or two about matters which some people might be unkind enough to say are irrelevant to this bill.

The first thing that impresses me this morning is that I rise in the midst of stirring times. We are witnessing events taking place in this Canada of ours which are almost unparalleled. In fact, not since the days of Mr. Pearson's leaving power have we seen such a tremendous struggle for benefits by those persons who are affected by the leaving of a Prime Minister. We are witnessing an amazing spectacle. It is a spectacle of

ministers in the government and supporters of the government unashamedly scrambling for preferential places and, in many cases, hoping against hope that they will receive their just reward before the hurricane strikes. It is very interesting to hear of minister after minister disappearing and not because they have been a particular success. One can only judge that the services they rendered were unacceptable to the man who is now about to govern this country. For years the affairs of this country were directed by people who are no longer wanted, whose efforts are not respected now and the sooner they are out the better.

• (1050)

Above all, of course, they have demonstrated their loyalty to the Liberal Party, and therefore they must be rewarded. A place must be found for them, and while we will no longer entrust the affairs of the country to their hands we will see to it that they do not suffer personally.

I rise in this chamber almost at the very minute when we are seeing Canada being relieved from the great socialist influence that has affected its conduct of affairs in the last number of years. I would think that each of my honourable friends opposite would rise to acclaim, "Thank God the Liberal Party, to which I have been so devoted, which I have served so well and which I have allowed to dictate to me what I should say when I rise in the Senate chamber, and the attitudes I should take, is at last about to be placed in the hands of someone who will not be open to a charge of being a socialistic prime minister, but one who is more likely to inspire confidence in the people of Canada." He will more likely be guided by what we in this country have come to consider as true Liberal principles.

I stand here and look across the chamber and see empty seats that were occupied by ministers in a government that ceases to be a government tomorrow morning. I do not know whether there is any significance in the fact that those seats are now empty. I read in the newspapers that the persons who have occupied those seats may not hold their positions much longer. I find it difficult to believe that they have held their ministerial posts only because of a paucity of members of their party in the areas that they come from. They were appointed to represent certain provincial interests that, if they were not represented here, would go without representation in this government. I find it difficult to believe that anyone, even a new prime minister, endeavouring to put a new face on things, would find that he could afford to dispense with their services. However, I feel sorry for them because if he does dispense with their services, then it is perfectly clear that no matter how hard they worked, no matter how hard they tried, no matter what positions they took in the Senate, or what views they expressed, all these things were not good enough to keep them in the government of this country. I hope I am wrong. I am only repeating what I read in the newspapers or hear in the media, that the senators who are now cabinet ministers will cease to be cabinet ministers when the new cabinet is announced. This may be so, but I hope not for their sake.

I heard on the radio this morning that this might be the day that the government decides to discontinue the Canadian Sports Pool, that ill-starred attempt to raise money for valid purposes but by a method which it was not their right to pursue. They had no right to intervene in that area. I have heard many arguments about the differentiation between pools and lotteries, but to my mind, they are puerile and ineffectual arguments and I am delighted to find that the government has reached the same conclusion. My leader must be very interested today to know that the true state of those pools and the true value of them is now being exposed. I watched his attempts to elicit information respecting the sports pools, and I watched him being put off. Now we know the truth. Now we know that this was an ill-fated venture, I cannot help but think that it is appropriate I should have been asked to speak here this morning. I would like to express my thanks to my leader and my whip for asking me to represent our caucus on this particular subject. It has given me a great opportunity to say something that I wanted to get off my chest.

I have thoroughly enjoyed my five years in the Senate. I have appreciated more than I can express the kindness and courtesy extended to me in an unfailing manner by all of the people in this house. I have been treated with kindness and courtesy by those who sit opposite me, in spite of my sometimes puerile attempts at tongue-lashing. Notwithstanding that, they have accepted me as I am. They have treated me in a kind and unqualified manner as a gentleman. I am very grateful to them and I want to say to them that I regret that this may or may not be my last speech. The time fast approaches, although the calendar has not quite caught up with me, when I must retire from the Senate. However, when that day arrives we may well find that we are in the process of replacing the present government with a more effective one. If that is so, I may or may not get the opportunity to speak in the chamber again. In any event, as I have said, I am grateful to those on the opposite side of this chamber and I am grateful to those on my own side. I have formed warm and close relationships and have been inspired to think kindly of all of my colleagues, and I want them to know that that is my feeling as I leave this chamber.

Honourable senators, I started to talk about the Canadian Sports Pool, and I do not want to leave that subject without saying that I understand that it was a minister from Nova Scotia who was largely instrumental in bringing about that legislation. I also understand from what I read that he is about to be elevated to a position of authority in the government with respect to my province, because the man who has been exercising that authority has voluntarily moved aside and has said, "I have made enough mistakes in my time. I have done enough harm. It is time that someone else has a chance to show what he can do." As I say, the minister who will now have the responsibility for my province was the minister largely responsible for the Canadian Sports Pool legislation. I only wish to say to him that I hope he will discharge any obligations that may accrue to him in respect of the province of Nova Scotia more happily and successfully than he did the sports pool

legislation, which has resulted only in the bleeding of millions of dollars from the Canadian taxpayer in the interests of funding the Olympic Winter Games.

It is interesting to note, upon reading the newspapers and listening to the other media, that because of the failure of the sports pool to produce revenue to support the Olympic Games, the provinces will be asked to contribute the money. Unless Mr. Turner finds some alternative legal way of raising the funds, the provinces will have to do so.

As I stand here today, about to bid farewell to this chamber, I am encouraged by the fact that we are living in an atmosphere of new hope. We have the hope that new ideas will permeate the government of this country. We have the hope that new policies will lead to more success than we have had at any time in the 16 years that we have been governed by the man who is resigning today.

• (1100)

We all hope that the falling dollar will reach an acceptable level and will, as I heard some optimist say, rebound even further. I sincerely hope that that is the case. I sincerely hope that interest rates, which in the past few days have become higher than they have been for more than two or three years, will reach acceptable levels as a result of a renewed confidence in government. I sincerely hope that this infusion of new hope, of new ideas and a new administration will take place as soon as the Canadian public has an opportunity to replace the "retread" government of John Turner with a new government under Brian Mulroney.

Honourable senators, I think I have said enough. I am sure that in the opinion of some people I have said too much. Let me conclude by referring to the bill. This bill is the result of negotiations between the Province of Nova Scotia and the Government of Canada, and, as one would believe from what my honourable colleague said this morning, has already been in effect to a great and important extent. It has great possibilities. If ever a bill required the stamp of approval of the Senate, this is it. I say that because our responsibility as senators is to represent the regions of the country, and here we are this morning considering a bill that is the end product of negotiations between a provincial government and the Canadian government. Therefore, I do not believe that it behooves us to consider in any way how we can improve the bill.

This is a good bill. We were told it was a good bill. It has good features and holds out some hope for the province of Nova Scotia. If it were not a good bill, we would not be considering it this morning, because if it were not to be of some benefit to Nova Scotia, the province would not have entered into the agreement reached as a result of those negotiations. I say that because I have every confidence that that government acts only in the best interests of the province of Nova Scotia. Thus, when that province enters into an agreement with the national government, I am satisfied that it is a good agreement.

[Senator Donahoe.]

That should not be understood to mean that it is the best of all possible bills or the best of all possible agreements, in spite of what my honourable friend has had to say.

I was titillated by the fact that it was a Newfoundlander who first tendered certain inquiries about the bill, when Senator Hicks had concluded his exposition of it. I want to say to that Newfoundlander that his premier did not sign such a bill, and could not enter into such an agreement, because, in his opinion, it would not hold out enough benefit to the province of Newfoundland.

I hasten to say that there may be distinctions between the province of Newfoundland and the province of Nova Scotia. After all, without the province of Nova Scotia we might never have had a Canada. Nova Scotia entered into Confederation in 1867; Newfoundland is the most recent addition, having entered in 1949 under entirely different circumstances. The people of Newfoundland had an opportunity to see how the other provinces had been treated, and on that basis alone a distinction can be made between the province of Newfoundland and the province of Nova Scotia.

In any event, the Government of Newfoundland was not prepared to enter into a similar agreement because the premier of that province felt there was an opportunity of obtaining better terms. We have been told that the federal government has been generous, and perhaps it has; perhaps it has yielded up some of its rights in this agreement, but the fact remains that it did not yield up enough to entice Newfoundland.

Recently, a discussion on this issue was held between the Premier of Newfoundland and the Leader of the Progressive Conservative Party. It is of great interest to know that the Premier of Newfoundland has expressed himself as being optimistic, hopeful and ready to enter into an agreement on the terms Mr. Mulroney will provide. I can only conclude, therefore, as I think all reasonable senators must, that those terms will be generous and more worthwhile than the terms accepted by the Province of Nova Scotia.

It was with great pleasure that I learned that within the framework of this bill there may be machinery by which the federal government can improve the terms of the agreement, because I am one who happens to speak this morning with the ultimate conviction that the people who signed the agreement are not going to be the people who will carry it out. The Government of Nova Scotia will be there, but the Government of Canada will change. It is interesting to know that the people who are going to effect that change and are going to exercise power in this country are people who are kindly and well disposed towards all of the provinces on this particular issue. So I am relieved to know that with this bill the federal government may—I was going to say "confess its errors", but that's too extreme—feel that, not having been sufficiently generous in the first place, it will now revise the agreement and enter into a new one.

For the reasons that I have expressed—namely, that entering into the agreement was a considered act of the Province of Nova Scotia; that there are benefits to the province of Nova

Scotia in this bill; that the provincial authority saw fit to enter into the agreement with the federal government, and that, between them, they hold all the powers of sovereignty in this matter—I am satisfied that we in this appointed chamber ought not to interfere in any way.

I am pleased that I was given this opportunity to speak on a bill which affects Nova Scotia at this time. I was appointed to represent, as I have often been told, regional interests. Well, I come from Nova Scotia and am proud to say so, and I like to think that during my years in this chamber I have endeavoured to express the point of view of Nova Scotia on the many issues that have come before us. I have no regrets about that. I seized every opportunity I could to voice the concerns of my province and I have no feeling as I leave the Senate today that my sojourn in the Senate has been wasted. I have a strong feeling that the Senate is a much maligned body and that we accomplish much in this chamber that goes unnoticed or is badly understood. I had an opportunity only yesterday of speaking to a young Nova Scotian civics student. He asked me a number of questions relating to civic and government matters. I would judge from listening to that young man that a great many of the ideas that have been instilled in him by his teachers and professors would not appeal to the members of this house. I think that the Senate needs better advertising.

If I may express disagreement with my leaders, I believe that no useful effect will be achieved by electing members to the Senate. I have heard the Deputy Leader of the Opposition express an opposite view to mine on a few occasions and I do not expect to convince him, but I can see no benefit or use in electing members to this chamber. I cannot, any more than my colleague the party whip could, as he said the other afternoon, see what benefits could accrue to this house.

The totality of national powers is between the provinces and the federal government, and in the same sense the totality of the national powers is between the House of Commons and the Senate, and if we lack authority now, and if, as the committee on the subject suggests, no additional authority is to be given to us, then I can see no advantage in having an elected Senate. Elected senators will not be any more useful. In fact they will be less useful because they will be frustrated. They will be men and women who will have submitted themselves to the electorate, who will have felt the approval of the electorate only to come to a chamber that leaves them powerless to affect substantially the course of events. Therefore, I cannot see that they will be one bit better off by having been elected than we are by having been appointed. If they are elected, all of the defects of the election, which the honourable senator pointed out yesterday, will accrue. I believe that they will be under obligation to party and to political friends, and that they will sit in this chamber owing debts to people. We may be appointed, but we are free.

• (1110)

On the question of appointment I want to say to my honourable friends that, under the present disposition, we are appointed to this Senate by the Prime Minister of Canada under the identical conditions in force for the selection and appointment of justices of the Supreme Court of Canada. I am just as good as any judge of the Supreme Court of Canada. The Prime Minister of Canada said that he wanted me in the Senate, and no judge can say more. He can only say that insofar as this court is concerned the Prime Minister of Canada wanted me to serve in this court. But honourable senators on the other side are responsible for a whole new disposition on constitutional questions in this country. Willy-nilly, rightfully or wrongfully, understanding or not understanding what they were doing, they have succeeded in transferring the ultimate source of power away from the seats of the elected members and into the hands of the appointed ones. When you hear people say that the Senate is not an effective body because it is an appointed body, then you can reply that every argument you can make with respect to the method of appointment of senators applies with equal force at the present time to the justices of the Supreme Court of Canada. They are vested with tremendous authority. Yet, the committee has recommended that we not be given any additional authority.

I have talked long, and yet I have mentioned only a few of the things that have occurred to me as a result of my service in this chamber. I should like to repeat again that I am delighted to have been here; I am delighted with the treatment I have received and I am grateful to have met all of you and to know you, and if I never return I will have fond and good memories of you. But if I do return, I promise not to harangue you in the way I have this morning.

In closing, I urge you to support the bill. It is a good bill, in the sense that it represents an agreement between the only two forces that have the right to enter into that agreement. Therefore, I support its passage. It did not require the excellent treatment that it received in its presentation because you should have been satisfied to say, "If Nova Scotia is satisfied and the Government of Canada is satisfied and if they have entered into an agreement, then who am I to stand between them?" I urge you to support this bill and as I resume my seat on this occasion I want to say that it is my heartfelt wish that all of you live through and enjoy the national holiday—Dominion Day—that we are about to celebrate on July 1.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I join in this debate on the first branch of Senator Donahoe's intervention—and perhaps I can be extended the same courtesy as far as relevancy is concerned—I should like to say that while Senator Donahoe and I disagree on just about everything that he has said, that comes as no news to him or to anyone else in this chamber.

I am a strong supporter of the party system. I consider it one of the most important parts of our democratic system, although it is not mentioned at all in the Constitution and is only mentioned in a few statutes dealing with election expenses and that sort of thing. The French word for "supporter" is "militant," and I think that the French word would apply to Senator Donahoe when it comes to support for his party because his support is never less than militant. I cannot agree

with what he said about the outgoing government or about many of the other things that he expressed—

Senator Donahoe: Or the incoming government either.

Senator Frith: Yes, depending on which incoming government you are referring to. Even on that, we would not agree.

On behalf of the government and myself, I am glad that we have had the pleasure, the fun and the honour to have shared this chamber with Senator Donahoe. As you know, he had a very distinguished career in politics and in law. He came to us as a former Attorney General, the highest law officer in any province and, in his case, Nova Scotia. He founded a dynasty of which he is the father and godfather.

Hon. Duff Roblin (Deputy Leader of the Opposition): And the patriarch.

Senator Frith: And the patriarch, indeed. We are glad that he crowned such a successful career and successful life with service in the Senate. We are pleased to have had the opportunity to share that experience with him. We wish him a long, happy, fruitful and, I am sure, militant life, when he retires.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I agree with Senator Donahoe that the rules of relevancy have never been discussed at length in this chamber. Freedom of speech as we know it goes back to the period when Senator Martin was Leader of the Government. He could make anything relevant. When I was Deputy Speaker in the house I once told him to keep his remarks relevant. He told me that whatever argument he could make, if it was his own view and, in his view, relevant to the conclusion that he would make, then the Speaker could not intervene. Following that exchange, I completely abandoned any argument in favour of relevancy.

I had not anticipated having to say anything about the eventual retirement of Senator Donahoe today because his retirement only comes into effect in three or four months. If the incoming Prime Minister is not prepared to face the electorate soon, we should be sitting in September and at that time Senator Donahoe will still be with us.

Honourable senators, on this side we had occasion a few weeks ago to gather together to express our sentiments to Senator Donahoe and his wife. I think that the deputy leader has expressed very well how all of us in this chamber feel with respect to this great gentleman—this great Nova Scotian. As Senator Frith said, Senator Donahoe is the father of two well-known parliamentarians in Nova Scotia, the Minister of Education and the Speaker of the House, and he himself enjoyed an extensive career in the Nova Scotia government and the assembly.

• (1120)

Senator Donahoe has been a great companion and friend not only to this side but to everyone in this chamber.

I do not want to say now that we will miss him because I hope we will see him again before that fateful day on which he is forced to retire. If that should not be the case, then I want him to know that he leaves with our very best wishes, our warm affection and our great admiration.

[Senator Frith.]

Hon. Senators: Hear, hear.

Hon. Henry D. Hicks: Honourable senators—

The Hon. the Speaker: Honourable senators, I have to inform the Senate that if the Honourable Senator Hicks speaks now, his speech will have the effect of closing the debate on the motion for the second reading of Bill C-43.

Senator Hicks: Honourable senators, in view of the extraordinary intervention of Senator Donahoe on second reading of Bill C-43 and some other matters—and the aiding and abetting of his irrelevancy by Senators Frith and Flynn—I think it is unnecessary for me to say anything else on the motion for second reading of this bill.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Hicks: Honourable senators, I see no point in referring this bill to committee. As I explained in my remarks, it coincides with an act already on the statute books of the Province of Nova Scotia.

Therefore, 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. Senators: Agreed.

Motion agreed to and bill read third time and passed.

BANK ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-30, to amend the Bank Act.

He said: Honourable senators, Bill C-30, to amend the Bank Act, is a very short bill.

Hon. Jacques Flynn (Leader of the Opposition): Is it simple?

Senator Frith: I never say that, but I can say it is short. It amends subsection 302(7) of the Bank Act by changing the figure of 8 per cent to 16 per cent. The purpose of the bill is to raise the domestic asset ceiling on foreign bank subsidiaries operating in Canada, of which there are now approximately 60.

The 1980 Bank Act revisions provided for the first time that foreign bank subsidiaries could become full members of the Canadian banking community. That policy was undertaken to increase competition, to bring existing foreign bank officers under federal regulation and to respond to pressures for banking reciprocity from abroad. As honourable senators know, at

that time Canadian banks already had subsidiaries outside of Canada.

The existing legislation provides that the total domestic assets of the foreign bank subsidiaries shall be limited to 8 per cent of the total domestic assets of the entire banking system.

At that time the expectation was that, as the domestic assets of Canadian banks grew, so could the domestic assets of the foreign bank subsidiaries. However, the very slow growth of the banking system's assets, which began in late 1982, resulted in the ceiling being approached much sooner than had been anticipated. Therefore, the House of Commons Finance Committee conducted a study in light of the consequences following from the 8 per cent ceiling being reached, since it was obviously about to be reached very soon.

Last fall the committee made a report on the foreign bank subsidiaries operating in Canada and recommended that the present ceiling of 8 per cent be increased to 16 per cent.

Although the committee recommended the elimination of a fixed market share limit on the foreign bank subsidiaries, concerns were raised that the financial services industry should not be allowed to fall under foreign domination. The committee advocated that the growth of foreign bank subsidiaries be controlled on the basis of: first, reciprocity of banking regulations abroad; second, the degree to which a foreign bank subsidiary can or does contribute to competitive banking services in Canada; third, the solvency of the foreign bank and its Canadian subsidiary; and, fourth, the diversity of lending services.

Bill C-30 raises the domestic assets ceiling on foreign bank subsidiaries operating in Canada from 8 per cent to 16 per cent rather than removing the market share restriction entirely, as recommended originally by the House of Commons Finance Committee.

Canadian non-bank financial institutions made representations before the House of Commons Finance Committee arguing that they should receive legislative consideration before foreign banks. As a result of these interventions, the committee recommended that a complete review of legislation concerning financial institutions be initiated. That review is being conducted in a number of different forums, including the private sector panel of the Minister of State for Finance.

Honourable senators, if we pass this bill, we are, in effect, accepting the recommendation of the House of Commons Finance Committee that the 8 per cent share be increased to 16 per cent, subject to the four criteria I mentioned.

Honourable senators, I ask for support on second reading.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, this is an interesting bill because it deals with an aspect of the Canadian financial structure in which we all have a direct interest.

One of the merits of our system—certainly one on which Canadians have from time to time congratulated themselves, whether they should have done so or not—is that our banking system has been a very stable one. The stability and the strength of the Canadian banking system in good times and bad have been amply demonstrated over the last 40 years. Possibly the last Canadian bank which went under was the Home Bank. Since that time we have had a very stable banking system, and it has been an attractive feature of our financial community.

However, the result has been that up until quite recently a small number of banks have occupied the field in Canada. One talks of the "big five." In recent years there has been an addition to the "big five" because a number of local, regional banks have taken advantage of a change in circumstances to enter this field as well. In my opinion, that has to be all to the good. The big step that was made the other year, however, was to open the Canadian banking system to foreign banks—banks which were domiciled outside the country but which could come in to establish Canadian outlets and to take part in the Canadian banking business.

• (1130)

I am aware that there was a considerable body of opinion that was alarmed about that on the principle that it might be deleterious to the stability of our banking system. Consumers of credit have not had that opinion. Consumers of credit, I think, have believed generally that competition in the banking system is not keen enough and that it ought to be greater. Indeed, one of the prime reasons, I suspect, for opening the door for the entry of foreign banks—even to the extent of 8 per cent, as the deputy leader has said—surely has to be in terms of an effort to deal, partially at least, with the desire for more competition in the Canadian banking system.

Honourable senators, I quite agree with that. The original move left roughly 92 per cent of the banking business, if one wishes to look at it in such terms, to the Canadian banks. This bill doubles the percentage available to foreign banks and reduces the percentage of the Canadian banks to 84 per cent. I have no objection to that. I think it is a move that is advantageous. It has the prospect of further increasing competition in the Canadian banking system.

I have long held the view that one of the merits of the American banking system is that banks are much more local in their operation. The First National Bank of Minneapolis, for example, would rise or fall on the activities of the economic sector around Minneapolis. Although the American banks are moving more and more to a branch banking system, local banks have been quite effective, I think, in making credit available in places where it might otherwise not be.

One of the complaints that has been voiced quite often in western Canada is whether or not credit was adequately available to people who needed it in the west. I am not going to enter into that argument because it is a complicated one. The present banking system can produce some fairly impressive facts about the credit that they make available in regions such as my own. But I think even if their claims are completely correct, it will do no harm, and conceivably will do a great deal of good, if we increase the number of banking operations in the whole of this country and offer to the consumer more markets which he may search for the supply of credit. One would hope that the cost of credit would also enter into the equation.

It seems to me that this bill should do some good. It does not, in my opinion at any rate, threaten the stability of the present banking system in this country because no one would like to do that. It does, however, provide for considerable expansion in the area of competition with respect to banking services.

For those reasons, honourable senators, I would be glad to support this legislation. I will surprise my honourable friend by saying that, if he decides not to send the bill to committee, he will get no objection from me. I would be prepared to give it third reading without delay.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the bill before us today is one to amend the Bank Act.

I should like to talk about another feature of our banking system—I use the expression more in quotation marks—to say that in my opinion there should be accelerated attention given to making the entire system more competitive than it is now. In saying that, I refer to that important segment of our lending institutions, the credit unions and the caisses populaires.

Across this country there are ten million Canadians who are members of credit unions or caisses populaires. For a long time those institutions have been anxious for an equal opportunity to compete within the financial system of this country. Although moves in that direction have been forthcoming, they have been unduly slow. Over the last couple of years some major advances have been made in giving the credit unions the right, under the law, to compete in a more effective way and in larger areas with the banking institutions. Some of the credit unions are now becoming members of the Canadian Payments Association, the clearing house for cheques, along with the banks. I am informed that this is of major help to the credit unions, and I am informed that it has had the effect of augmenting their income.

Approximately a year and a half ago, amendments to the Financial Administration Act were made, which amendments allowed credit unions for the first time in history to accept deposits of the Government of Canada. Up to that point it was illegal for the Government of Canada to deposit its own money in credit unions. What happened at one point a couple of years ago was this: many credit union and caisse populaire members, as good Canadians and as investors, bought Canada Savings Bonds. Because of that, all at once something over $300 million was scooped out of the credit union system. This put them in grave financial difficulty because the federal government had to remove its money immediately and could not put it into the credit unions. An amendment was therefore made to the law so that it now permits the credit unions and the caisses populaires to compete with the banking system. Those institutions feel that they are on an equal basis with the banks with respect to deposits of the Government of Canada.

The credit union movement constitutes about 10 per cent of our banking system in the larger sense, and it is now estimated to receive about 10 per cent of federal deposits. The credit unions are happy with that and they like it that way. But they have been asking for amendments to the act under which the Canadian Co-operative Credit Society operates. That society is the central organization for credit unions. The request is that the law should be broadened, because at present they are allowed to lend only to members of the co-operatives. They would like to get out into the broader lending field, not only because they want to be more competitive in extending their credit to a larger group of Canadians, but also because they think it would broaden their own financial base and, in a sense, remove some of the risk in having it confined, as it now is, to only one segment of the economy. If they were to use good management—and I am sure they would—they could make investments that might give them a higher return.

The request has been that the act should be changed so that 20 per cent of their assets could be lent outside of their own credit union and co-operative system. In discussions with representatives of those institutions, I have indicated that in my view the 20 per cent limit should not be set out in legislation but that it should be up to the Governor in Council to adjust the limit from time to time. I am sure that, if that were done on the basis of recommendations from the credit unions themselves, the agreed ceiling would be a satisfactory one. I would like to see that come forward. I am told that amendments are necessary to the Trust Companies Act, and some of us were trying to get a package put before Parliament which would include the banks, trust companies and credit union centrals. However, that has not been possible, and I am placing on the record the request of credit unions and caisses populaires that there should be a response from the federal government and the Canadian Parliament to provide Canadians who belong to the co-operative movement an opportunity to compete on an equal basis with the banks.

When we are talking about competition and wanting to open up the banking system to foreign banks—which raises another major and troublesome question—surely we should be taking collective action that will permit competition from the co-operative movement in this country. It is possibly too late for action during the term of this Parliament, but I am placing these remarks on the record in the hope that the subject may be referred to by others in the future and appropriate action taken.

Hon. Hartland de M. Molson: Honourable senators, I had not intended to make an intervention, but I have listened with interest to what has been said and I am rather concerned about the fact that this amendment to the Bank Act has come to us with the report of a committee of the other place. I do not recall such a procedure occurring very often in this chamber. Usually over the years when such bills have come forward, they have been referred to our own committee, which over the years has perhaps had as high a standing as any committee on the Hill. That committee has always taken the time to hear witnesses and to give full consideration to bills.

I believe it has been clearly indicated that the Canadian public wants more competition in the banking system and that it wants greater access to credit. No doubt what is being done now is probably a step in the right direction, but I am not at

all sure whether the limit should be 16 per cent or 20 per cent or 12 per cent. It is wise to have a limitation, because that was the opinion of Parliament when foreign banks were permitted to do business in Canada. However, I feel that we are now proceeding in haste on a bill that is of some considerable importance. Although it is a short bill, it is an important one. I cannot help but agree with what my colleague, Senator Argue, has said. If we are going to expand the banking system and provide consumers with more credit, then I am not sure that we have to do it through a foreign system, and I would rather like to hear more about it.

Honourable senators will recall that when the question of foreign banks being licensed in Canada was first discussed some years ago, one of the problems was that the subsidiaries of the great American international corporations, such as General Motors, Chrysler, the major oil companies, and so on, quite logically extended their banking relationships to this country, the effect of which was not particularly advantageous to our own banking system.

I believe that the extension of the number of Canadian chartered banks or regional banks in recent times has been quite good. I believe that we have made more credit available, and I hope that the cost has been reduced. That is all to the good, and perhaps the 16 per cent limit on foreign banks is also to the good. However, I ask myself "What is the great hurry concerning this legislation?" Are we in this chamber not setting a precedent in accepting a report of another committee at which no member of the Senate was present? We have not had an opportunity to express an opinion or to call witnesses whose views may be important to the whole scheme. As Senator Roblin said a few moments ago, we must all recognize that the banking system in Canada, with all of its faults, has been one of our great financial successes, and has withstood a number of shocks over the years. Honourable senators may recall that during the days of President Roosevelt, when banks in the United States were closing almost by the second, our own banks weathered the storm, and, over the years, have weathered similar storms extraordinarily well. The stability of our financial system has been a matter of great credit to Canada and a source of satisfaction to all thinking people.

We now have this bill before us and we have been given only a short time in which to pass it. I cannot see why there should be this haste or why we should rubber stamp it. At present there are disturbing factors in the Canadian financial world, and some of us are concerned about the trust companies. For some years now there has been a tendency for trust companies to get rolled up into large financial conglomerates, financial organizations comprising investment companies, insurance companies and trust companies. The control and function of trust companies, which should be to take care of people's money, legacies, wills, and other financial problems has changed to a great degree, and I am not sure that the change has been in the right direction.

I do not like to see legislation passed in haste without being given full consideration. For that reason I am not in favour of the passage of this bill at this time.

Hon. Peter Bosa: Honourable senators, it is my understanding that when the Bank Act was amended a number of years ago to permit foreign banks to operate in Canada, the purpose was to provide greater competition in the domestic market and to give more latitude to borrowers to choose the source of their loans. At that time it was also indicated that foreign banks would assist small businesses with their financial needs. Recently it has come to my attention that some foreign banks in Canada have not lived up to that commitment. I, too, have the same reservation that Senator Molson has, namely, that I would have preferred to see this bill referred to the Standing Senate Committee on Banking, Trade and Commerce, because that would have given us an opportunity to ask the representatives of foreign banks pertinent questions in relation to their mandate.

I realize that there is pressure to pass this bill in its present form, but I hope that in the near future an opportunity will be provided to discuss this matter when a similar bill comes before us. In my opinion, it would be advisable for honourable senators to question representatives of foreign banks to ensure that they are living up to their original commitment.

Senator Frith: I have nothing further to add in reply.

Motion agreed to and bill read second time, on division.

• (1150)

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-24, to amend the Financial Administration Act in relation to Crown corporations and to amend other Acts in consequence thereof.

He said: Honourable senators, Bill C-24 is not simple, short or of minor importance.

Hon. Duff Roblin (Deputy Leader of the Opposition): Nor is it timely.

Senator Frith: It is of major importance and it is quite complicated. Therefore, as sponsor of the bill, I want to make it quite clear why I am asking the Senate to pass it today. It seems to me that we can only do so on faith and I cannot put it any higher than that. This bill had a pretty stormy voyage in the other place. It came forward with the object, which I think most parliamentarians consider worthy, of increasing the supervisory role of Parliament over crown corporations and of making them subject to greater supervision by Parliament and by agencies of Parliament such as the Auditor General. The

original bill included some crown agencies that felt they ought not to be covered by it, particularly cultural institutions. That was one cause of the difficulties in the other place and, consequently, the bill soon became the subject of a great deal of work by all parties of the other place and by a parliamentary committee. According to some members of the opposition, the bill that resulted from that work does not resemble very much the goverment's original bill. To put it in a positive way, the bill we have before us is, to use an expression often used in the United States, bipartisan or, better yet, tripartisan in nature.

While the other place was debating this bill last night, some members of the opposition who had worked very hard on it and were very vocal and persistent critics of it in its original form saw good reason to rejoice in the final bill, which is what we have before us. This bill is the result of a good deal of work and a good deal of amendment. The legislative framework for control of our crown corporations has not had a major overhaul in over 30 years. Various attempts have been made to do so both legislatively and administratively. None has been successful until this bill. Members from both sides of the House of Commons have worked diligently these past several weeks, using mainly the vehicle of parliamentary committee, to reach agreement on a package of amendments. This speaks highly of the willingness on the part of the government, the official opposition and other members, to carefully consider the views expressed by the House of Commons Standing Committee on Miscellaneous Estimates and by committee witnesses, including the Auditor General, the business community and other interested parties such as the Canadian Institute of Chartered Accountants. The government and opposition reached agreement to limit debate and to try to obtain passage of the bill and Royal Assent by the time the current session of Parliament adjourns.

Honourable senators, I have had very little time to study this bill.

Senator Roblin: Fifteen minutes?

Senator Frith: I looked at the bill last night and had a bit of a briefing this morning. I regret to say that I cannot take this bill and, as we say in the courts, lead you by the hand through the various wordings and the methods by which the objectives of the bill are reached. So I have to take it on faith that this has been done in the other place. In other words, what I am about to say about what the bill accomplishes will have to be accepted, because if someone asked me where it said this or that I am afraid I would not be able to answer satisfactorily.

The purpose of the bill, as I mentioned, is to clarify the roles and responsibilities of officers, boards of directors, ministers, the government, and Parliament with regard to crown corporations and to have in place a sound, updated legislative framework for the control and accountability of these corporations. The bill as passed by the lower house will create that framework.

I would like to give you some of the highlights. First, the cultural agencies, the Canada Council, the Canadian Broadcasting Corporation, the National Film Board, the Arts Centre Corporation and the Canadian Film Development Corporation, have been removed from the purview of the bill. It is the government's intention to clarify its accountability framework for them and other cultural corporations where necessary through separate legislative measures. One amendment deals with the question of binding the Crown. Honourable senators will know the law is that for the Crown to be bound it must be specifically mentioned. The Department of Justice felt that the bill was adequate in its original form but, to make sure, an amendment was agreed to which eliminated any uncertainty about the matter.

Another provision which caused anxiety was the special motion provision, which allowed the creation of crown corporations by acts of Parliament by special motion. The special motion provided for automatic time limitation so that that no time allocation would be placed. The opposition succeeded in persuading their fellow parliamentarians that that was not a good idea, and it was simply eliminated. Then there is the problem of creation of crown corporations by ministers. Again, it was agreed to amend the bill to remove those provisions in certain pieces of existing legislation that allow a minister to create crown corporations. There were two exceptions, the Atlantic Fisheries Restructuring Act and the Canada Ports Corporation Act, both of which were recently adopted by Parliament. The former act allows the minister to acquire shares of existing fishery companies, and the Canada Ports Corporation Act allows the minister, on the request of the Canada Ports Corporation and with the approval of the Governor in Council, to create a local port corporation. It must name the harbours for which local ports may be established and it spells out the powers of the local ports corporations.

With regard to the boards of directors, it has always appeared to me that one of the important objectives of this bill was to make them, as distinct from the operating officers, more accountable and more active. Accordingly, this bill intends to have a strengthened role for the board of directors and to clearly set out how they and the senior officers would be appointed and held accountable for the conduct of the affairs of the corporation.

• (1200)

Under the proposed bill, as amended, the board of directors would be appointed by the appropriate minister with the approval of the Governor in Council. The chairman and chief executive officer would be appointed by the Governor in Council only after the board of directors have been consulted by the appropriate minister. Additionally, with regard to Canada Post Corporation, the act respecting that corporation will be amended so that vice-presidents as well will be appointed by the board of directors.

The bill has been further amended to provide that henceforth for all new parent crown corporations all officers appointed other than the chairman and chief executive officer would be made not by the minister but by the board of directors. Also, with respect to officers, the appropriate minister representing the sole shareholder would be responsible for

the appointment and removal of all non-officer directors subject to the approval of the Governor in Council. Furthermore, wording has been added to the bill to specify sanctions for wilful neglect of duties by corporation officers.

With respect to the question of ministers, questions have been asked about the role of ministers under Bill C-24. Accordingly, there was inserted in the bill a statement taken from the current Financial Administration Act stating that each crown corporation is ultimately accountable through the appropriate minister to Parliament for the conduct of the affairs of the corporation. That amendment responded particularly to a point raised by the Auditor General.

Another provision of the original bill which was felt to not sufficiently engage the attention of Parliament, was a provision that motions of concurrence not be necessary in respect of an order laid before the house which would move a corporation from Part I of Schedule C to Part II of Schedule C. The government agreed to an amendment which, in effect, reinstates the motion of concurrence and thereby reinstates or reengages the activity and attention of Parliament.

Senator Roblin: What is the difference between the two parts of Schedule C?

Senator Frith: I have not studied the schedules as I ought to have. However, as I understand it the provisions of the Financial Administration Act and the manner of financing a crown corporation depend to a large extent on what schedule it is under.

The Auditor General also raised the criteria for scheduling the various crown corporations and, as a result, the bill as passed by the House of Commons was amended to state that crown corporations would be scheduled in Part II of Schedule C, only if in the opinion of the Governor in Council they operate in a manner generally independent of operating appropriations and in a competitive commercial environment. Also, a section was added which states that no corporation can be added to Part I or Part II unless, in the opinion of the Governor in Council, that corporation would not more appropriately be placed in Schedule B.

The Auditor General was concerned with other acts of Parliament which currently permit the creation of parent crown corporations without reference to Parliament. With the exception of the Atlantic Fisheries Restructuring Act and the Canada Ports Corporation Act, to which I have already made reference, the government has agreed that all existing statutes which permit the creation of parent crown corporations without reference to Parliament would be amended to remove that power.

A number of amendments to the bill respond to concerns expressed by the Canadian Institute of Chartered Accountants. For example, the government has deleted all provisions which would allow Treasury Board to authorize departures from the generally accepted accounting principles in the preparation of financial statements of crown corporations. The auditor of a crown corporation now would be granted qualified privilege similar to section 166 of the Canada Business Corporations Act. In this way, he or she will be protected from liability in respect of statements made fairly in the discharge of his or her duties, as is the case with regard to corporations under the Canada Business Corporations Act. The auditor's report would be addressed to the appropriate minister and would include separate opinions on both financial and non-financial information.

Honourable senators, throughout the consultative process which led to the final product which we see before us today, the government was pleased to see the firm desire and the co-operative spirit with which the official opposition and other members of the house approached the matter of amendment to see that much needed framework to control and render more accountable federal crown corporations was put in place. There was also a strong desire evident in some substantive way to the views of the Auditor General, the business community and others, in order to arrive at a bill with which all parties could feel satisfied. The hope is that the Canadian public will ultimately benefit from this stronger control and accountability regime.

Honourable senators, I perhaps should add an apology on behalf of the government for asking the Senate to pass this bill today at all stages given its complexities. My only justification is the attention it has received and the fact that all parties in the other place have supported it in its present form. In effect, what we are doing is acceding to a request from the other place to enable its work to have fruition today. There is no question but that this bill would otherwise require much more detailed study than I am asking it be given today. Therefore, I ask for support on second reading.

Hon. William M. Kelly: Honourable senators, I am pleased to rise to speak to Bill C-24, the government's long awaited crown corporations bill. In my opinion, notwithstanding the fact that my party in the other place has supported it somewhat grudgingly, it is just one more bill which ought not to have made it to this chamber, particularly in this form. I do not think most of my colleagues even have a copy of it. I have the original bill and a bunch of amendments in my hand.

In previous speeches in this chamber—and I have not made that many—I have tried to reflect my commitment and belief in the role of the Senate chamber as the chamber of sober second thought. On that basis I have tried to speak as a concerned Canadian and I have studiously avoided partisanship. I have often wondered, however, on what sort of occasion I would find myself delivering a partisan speech. With this bill, I now have the answer. I wish to advertise in advance that this will be my first voyage into the area of making what I consider to be a somewhat partisan speech.

Senator Frith: But not the last!

Senator Kelly: Bill C-24 is here because the government knows that the public is weary of sloppy management and mismanagement. In its present form, Bill C-24 is still a considerable amount of smoke and mirrors. It is a sloppy and flawed piece of legislation hastily put together to fool the Canadian people into believing that this government is really

serious about making crown corporations accountable and efficient. I am not fooled and I do not think the Canadian public will be fooled either by what I consider at this point to be a band-aid approach to responsible government. It will not stick and I would like to try to explain why.

My friends in the legal profession tell me there is a saying that American lawyers have to the effect that you cannot get good fruit from a poison tree. When you talk about crown corporations, "poison tree" becomes a poison orchard. The magnitude of the problem with crown corporations is staggering. Today, federal crown corporations employ over a quarter-of-a million people. There are over 450 crown corporations and mixed enterprises. Their asset value, as at March 31, 1984, is around $65 billion, excluding the Post Office Corporation and Canada Lands. The annual flow of funds involved budgetary appropriations of $3 billion; operating expenses flow through, $2.7 billion; a quarter of a billion dollars automatically in capital. These are big numbers. We must realize that the federal crown corporations sector is larger than Argus, Brascan, Canadian Pacific Investments, Cemp and Power Corporation combined. You can see, then, why it is an area that needs to be of some concern.

● (1210)

Crown corporations have become like lotteries: They just keep growing. Admittedly, the government does recognize that the crown corporation sector is out of control and perhaps C-24 goes a little way in the direction of correcting some of the problems, but it falls far short. In my opinion, C-24 does not tackle the two main issues in the crown corporation area—accountability and effective, efficient management.

Let me recount, in brief, the history of the exercise that has culminated in Bill C-24. Senators Pitfield and Kirby were deeply involved in most aspects of this exercise in their previous incarnations. Others of us might be surprised to know that the exercise began 14 years ago, in 1972, with a cabinet direction to the Privy Council Office to study the responsiveness of crown corporations to government policy. It continued through the Estey Commission of inquiry into Air Canada in 1975; the Auditor General's many observations and recommendations relating to crown corporations, beginning with his annual report to Parliament in 1976; the hearings of the Public Accounts Committee on AECL in 1977, on crown corporations generally in 1978 and on Polysar in 1978; the PCO's "blue book" on crown corporations published in 1977; the Lambert Royal Commission report in 1979; Bills C-153 and C-123 tabled in 1982; the Canadair and de Havilland problems and the Public Accounts Committee report on Canadair, and finally Bill C-24.

My point is this: With all of this time spent and all of these studies undertaken, why has the government waited until the dying days of this Parliament to bring forward crown corporations legislation? Why, having waited so long to table legislation, does the government push it through so quickly? Bill C-24 was tabled in the other place on March 15 and it has been pushed through by the government in three months. In my opinion, Bill C-24 in this form is a shining example of that old saying that haste makes waste. I was most interested in comments made by Senator Molson about the Bank Act. Why the haste? I am not sure that any of the senators, at least on this side of the chamber, are really competent at this point to make any comment whatsoever. Even the Deputy Leader of the Government in the Senate—

Senator Roblin: I am in the same category on this bill. I do not know anything about it either.

Senator Kelly: We took three years to pass the Petro Canada Act. That was one crown corporation. We took two years to pass the Canagrex Act; that, too, was one corporation. It took a year for the passage of the revised Air Canada Act in 1977, but C-24, which covers all crown corporations, this lengthy, technically complex bill, is forced through by the government in three months. I ask again, why the haste?

The government was so eager to push this legislation through that it said yes to amendments offered by my party in the other place. In fact, it said yes to more than 50 per cent of over 100 amendments that were being offered. Here is the result. These are amendments that emerged through discussion and argument but the mood of the forum in which these arguments were taking place was "Look, just tell us what you would like and we will put it in." Process, clearly, was the objective; "Let's get our bill through. Whatever you want in it, just tell us and we will put it in." No fuss, no arguments.

Honourable senators, at this point Bill C-24 is just a collection of several documents. It is a hodge-podge of words on paper. The government gobbled up our suggestions without any real interest in policy or consistency; just process. There are many thoughtful amendments. In fact, I have to be partisan and suggest that most of the amendments that were accepted were from our party, and they are probably the only credible parts of the bill.

My comments are not idle reflections. They are the result of over four months of careful scrutiny of federal crown corporations. I was privileged to serve as co-chairman of the Conservative Task Force on Crown Corporations. I was given this privilege because at least my personal experience with this sector has provided me with insight and a better understanding of the woes afflicting public enterprise. Again, I do not know how many of my colleagues on this side have even handled this document, let alone read it.

I believe that the process by which Bill C-24 has been prepared is irrevocably sullied. That alone should cause us to look with suspicion on this bill. I am sure that my honourable colleagues are familiar with some of the nonsense that the government resorted to in order to get this bill to this chamber today. The government applied pressure on crown corporations, particularly cultural corporations, to keep quiet and not to appear before a parliamentary committee. They were told to "take a dive on Bill C-24". That is a matter of record in the committee of the other place.

What have we come to in this country if the government uses its power to stifle and suppress legitimate concerns about, and opposition to, some of its own initiatives? How, as par-

liamentarians, should we react to an executive that intimidates witnesses before a parliamentary committee? Obviously, such a tree cannot bear good fruit.

Still, my two major concerns are accountability and effective and efficient management. How does the government tackle accountability? It does not; it bypasses it. Instead, the approach recommended involves bureaucratic tangles and processes that only a good public servant can unravel.

That brings me to another point. There is an interesting development in the crown corporations sector and that is the fact that public servants are popping up all over in key positions. The CNR is headed by the former secretary to the Treasury Board; the Export Development Corporation is headed by the former Deputy Minister of Transport; the Federal Business Development Bank is headed by a former Assistant Deputy Minister of Industry, Trade and Commerce; Petro-Canada; CDIC— we could go on and on. I am sure that these people are all very bright and capable, but that is not my point. My point is that the escalating bureaucratization of crown corporations, as epitomized in Bill C-24, is contrary to one of the reasons for setting up crown corporations in the first place. We should all agree that if crown corporations are to be effective, they must have some independence. They should be exposed to market discipline. Let us set standards of performance and hold them to it; let us clearly specify their mandates and allow experienced managers to get on with the job. I am sure that we all want accountability: Accountability through a minister to Parliament; accountability through corporate plans, so we know where the directions are and if they are appropriate.

The amendments offered by my party redressed some of these problems. I think we are all agreed that effective and efficient management can be greatly assisted by good boards of directors. There is a great deal of talent in the private sector that could serve crown corporations well. However, I do not think we are tapping that resource as thoroughly as we should. I am certain that we are still not laying the groundwork for assigning their responsibility and their mandate as effective members of a board that must direct the activities of a multibillion-dollar enterprise.

At this moment, Bill C-24 hinders many of these things with more bureaucractic intervention. It paves the way for boards still to be short-circuited, ignored and reduced to almost ceremonial bodies. Who would want to serve on that kind of board? I wish that Senator Sinclair or Senator Kolber were here. Certainly, Senator Roblin, I know, would have a quick answer to that question because of his own corporate experience.

There are ways to make crown corporations perform better and to serve their shareholders, the people of Canada, better. I do not think that Bill C-24 demonstrates that the government has yet figured out these ways. There is also the question of how one piece of legislation can effectively regulate such a huge and diverse range of entities. The answer is that it cannot. A number of corporations have already been exempted from Bill C-24. At many points in the bill there are provisions to exempt other corporations from certain clauses. In addition, there are more than 20 clauses in Bill C-24 that provide extensive regulation-making powers to the government to adapt the requirements of Bill C-24 to the circumstances of each corporation or group of corporations. In essence, Bill C-24 is but a framework, an amalgam of principles and guidelines. The real meat of the legislation is in the regulations, and they can be changed at the whim of the government of the day with little or no scrutiny or control by Parliament. Surely this is not right. Surely it is not feasible to try to lump the Canadian Battlefields Commission, with annual expenditures of $1.5 million, with a huge multinational such as the CNR. They have been creating crown corporations willy-nilly. Since 1968, on average, there has been one new federal crown corporation created every three months.

● (1220)

The government should have been more careful in resorting to the crown corporation form. Proliferation certainly has devalued the currency of the crown corporation form, and has largely made omnibus legislation such as Bill C-24 impractical. What needs to be done is to reorganize the crown corporation sector to reduce it to those activities that truly require corporate form for one reason or another. Then, and only then, will legislation such as Bill C-24 have a chance of being effective.

In closing, let me say that this government and the party it represents has got to learn that Canadians want good government not just lots of government. A change at the helm of their organization is not necessarily going to be any more effective in wrestling with the blight that has ravaged this government. The crown corporations sector is only a sample of the devastating effect of that disease. What Canadians deserve, and what this country needs, what the crown corporations demand, is clear, well thought-out policies and direction. If Bill C-24 is the best this government can do after 14 or so years of studying the problem, then the people of Canada, not just me, have a message to relay: Let's get serious about good government.

I am a concerned Canadian who happens to be a member of the Progressive Conservative Party. I have a few suggestions that deserve consideration. We all deserve time and input into the parliamentary system if the process is going to mean anything and if we are going to get things back on track.

One of my colleagues referred to this bill as a "dog's breakfast". Perhaps it is better than nothing. That appears to have been the view of my party when this legislation was being debated in the other place. Better than nothing, perhaps, but not much.

Hon. C. William Doody: Honourable senators, I should like to receive some instructions from my colleagues with respect to this particular piece of legislation. It could very well be the responsibility of the Standing Senate Committee on National Finance to study this legislation. I am afraid that at this point in the parliamentary calendar I do not think it would be very complimentary to the committee to refer a bill of this magnitude to it and ask that it be considered and reported back to

the Senate in time to meet the deadline that the government appears to have set. We do not even have a copy of the printed version of the amended bill.

Last evening I glanced through the *Votes and Proceedings* of the other place and counted approximately 150 amendments which are not in the copy of the bill that I have. So I really don't know where to start. We can certainly arrange for the members of the committee to meet sometime this afternoon, and we can sit around for an hour or so and drink coffee and then report the bill back without amendment. It seems to me that if the House of Commons can find 150 amendments in one evening, surely the Senate would be able to find a few amendments during an afternoon. But what would happen with the token amendments we would move in committee? They would be defeated and the bill would be passed as we have received it, in bits and pieces.

Senator Kelly showed us a stack of paper this morning that no Senate committee or any self-respecting organization should be expected to consider on such short notice. Obviously, if the bill is referred to the committee, the committee will consider the bill, but I would not consider it to be a great compliment to the committee system to see it degraded to that level.

Senator Frith: Honourable senators—

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

Senator Frith: Honourable senators, for the reasons I expressed in my speech in support of the bill, and for the reasons expressed by Senator Doody, I do not intend to ask that this bill be referred to committee. I agree with his analysis and I further agree, as I think I made clear in my speech in support of the bill, that it is and ought to be unusual to ask the Senate to approve a bill of this kind, except on the basis I mentioned.

I have only one comment to make regarding Senator Kelly's intervention. When he said that it is the government that is asking for this legislation to be passed today—and that is true, it is the government that is asking that the legislation be passed—in a sense that is a bit of bum rap because that is not what I am asking the Senate to do; I am asking the Senate to have faith not only in the government in passing this but to have faith in all parties in the House of Commons—which may be worse. What else can I say? That is exactly what I am asking the Senate to do. I am asking that the Senate accept the co-operative work done by the members of the other place, and bearing in mind the fact that all parties in the other place supported the bill in its present form, not as a perfect bill but as a bill that ought to be passed before we adjourn.

Senator Doody: What you are saying is that we do not need a Senate.

Senator Roblin: That is the best argument for abolition.

[Senator Doody.]

Senator Frith: I am saying that it is and ought to be unusual to ask the Senate to do this. I say that we certainly do need a Senate. I am saying that it is and ought to be exceptional to ask the Senate to approve a bill of such complexity. I cannot put it on a higher basis.

I have nothing further to add except to ask honourable senators to support second reading of the bill for the reasons I have stated.

Motion agreed to and bill read a second time, on division.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government): 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. Senators: Agreed.

Motion agreed to and bill read third time and passed, on division.

DEFENCE OF CANADA REGULATIONS

BILL TO GRANT ACCESS TO RECORDS OF SPECIAL COMMITTEE—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-252, to grant access to records of the Special Committee on the Defence of Canada Regulations.

He said: Honourable senators, Bill C-252 is a private member's public bill. The object of the bill, as set out in the explanatory note, is as follows:

> During the Second World War a Special Committee on the Defence of Canada Regulations sat *in camera* and limited the distribution of its minutes and evidence to its members. The purpose of this Bill is to authorize the release of all the records of that committee which are still classified.

The background, honourable senators, is that an historian was doing some research on the history of the Jehovah's Witnesses in Canada during the Second World War. He learned about this committee and felt there was relevant material held by it. After consulting with some of his colleagues who were also historians, he corresponded with the Honourable John Reid of the other place and one of his colleagues from the Progressive Conservative Party. The Honourable John Reid is an historian, and perhaps his Conservative colleague is also, I am not sure. In any event, they both agreed, as did other Canadian historians, that it would be useful to have this material available and, therefore, introduced this private bill. I think it received unanimous approval on the other side. It seems to me from reading the correspond-

ence and examining the objectives of the bill, that it ought to be passed here today.

• (1230)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I assume the records were examined and nothing was found in them that would create a danger to Canada if they were made public.

Senator Frith: I am looking closely through my briefing notes and there is nothing to support that conclusion.

Senator Flynn: It beats the silence of the government in the other place.

Senator Frith: If Senator Flynn is inviting me to make the inference that I think he is making, I would rather refuse the invitation. I will not quarrel with the fact that he is making it and there might be some basis for it.

Hon. H. A. Olson (Leader of the Government): Senator Flynn has the right to do that, but he has to take the responsibility for it himself.

Senator Flynn: What I am saying is that if these documents were classified and now we are going to declassify them, my understanding is that the government must have checked that there was no danger in doing that. I have to assume that from the silence of the members of the government in the other place.

Senator Frith: Honourable senators, I misunderstood. Senator Flynn is saying, in effect, that we have not had the opportunity to study the bill and it is not unreasonable to assume that if there were any danger to Canada resulting from the release of this information someone would have spoken up on behalf of the government. I think that is a reasonable inference.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Royce Frith (Deputy Leader of the Government) with leave of the Senate and notwithstanding rule 45(1)(b) moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

AGRICULTURE, FISHERIES AND FORESTRY

MOTION TO AUTHORIZE EXAMINATION OF ONGOING EFFECTS OF RESTRUCTURING ON FISHING INDUSTRY—ORDER WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald:

That the Standing Senate Committee on Agriculture, Fisheries and Forestry be authorized to examine the ongoing effects of the restructuring of the fishing industry in Atlantic Canada.—(*Honourable Senator Frith.*)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the background to this motion, as honourable senators may remember, is that there was a proposal which I had discussed with the opposition, with the committee, and, in particular with Senator Marshall, about the possibility of having a special committee study that subject. Senator Marshall and some of his colleagues on the other side, and some of our colleagues, felt that we had to stop this proliferation of special committees. Senator Marshall pointed out that it was within the mandate of the standing committee and, therefore, ought to be referred to them.

I apologize to Senator Marshall and to the Senate that I was unable to get my act together on the question of which committee should handle it and whether the government wanted to proceed with the study either on the basis of a special committee or a standing committee. As a result, it has stood on the Order Paper. Subsequently, I had a meeting with Senator Marshall and I agreed that I would apologize for not dealing with that order earlier. We now agree under those circumstances that there would be little point in dealing with it at this stage of our sitting, and therefore, we will perhaps reinstate it at a future date. Can we consider it debated?

Hon. Jack Marshall: I hope that we will reactivate it in the new session under one government or the other.

Hon. Jacques Flynn (Leader of the Opposition): If it is a motion you should suggest it be withdrawn. If we wished to consider it as having been debated it would mean the Speaker would have to put the question.

Senator Frith: Senator Flynn is quite right. It would have to be withdrawn with consent, if that is satisfactory.

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

Hon. Senators: Agreed.

Order withdrawn.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we understand that the House of Commons will be asking us to pass some non-controversial—we hope—bills this afternoon before Royal Assent. Their Question Period was held from 11 a.m. until noon which means that they have been working for less than an hour. The discussions I had with those on the other side indicated that they would try not to work past 2 o'clock, and that they would be content with whatever bills they were able to deal with by that time. For that reason I think we should adjourn during pleasure to reassemble at the call of the bell at approximately 2 p.m. I will check on the situation in the other place before the ringing of the bells.

The Senate adjourned during pleasure.

• (1400)

At 2 p.m. the sitting was resumed.

THE SENATE

LIEUTENANT-COLONEL CHARLES ASKWITH, C.D., ACTING GENTLEMAN USHER OF THE BLACK ROD—FELICITATIONS ON RETIREMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, since we are not absolutely sure what is going to unfold in the next little while, I should like to take this opportunity to draw to your attention the fact that today is the last day in the Senate for the Acting Gentleman Usher of the Black Rod.

Lieutenant-Colonel Charles Askwith has been with us for many years as the Deputy Gentleman Usher of the Black Rod and, more recently, as the Acting Gentleman Usher of the Black Rod.

Colonel Askwith has always done a superb job.

Hon. Senators: Hear, hear.

Senator Olson: I think all of us were particularly impressed with the proceedings at the opening of Parliament last December, which he, as we all know, organized in such a brief period of time.

His presence here will be missed by all honourable senators as well as by the Senate staff. Therefore, on behalf of the government, I would like to offer Colonel Askwith our very best wishes for his retirement and our gratitude for a job well done.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, on behalf of my leader and those of us who sit on this side of the chamber, I should like to join with the Leader of the Government in expressing our sentiments, appreciation and good wishes to Lieutenant-Colonel Charles Askwith on this occasion.

I hope he will not mind my saying that he is a quiet and unassuming man, but he is also a very efficient and friendly man. Those qualities certainly adorn the manner with which he has graced his office as the Acting Gentleman Usher of the Black Rod in this chamber.

We will miss him; we are sorry to see him go, but he goes with our warm thanks for the way in which he has conducted the important business of his office.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, I too should like to express my gratitude to Lieutenant-Colonel Askwith, who has been most helpful to me in carrying out the duties of my office.

[Senator Frith.]

When I was appointed, Colonel Askwith was ill. He invited me to visit him at his home and, even while on medication, his devotion to his function beyond the call of duty impressed me. He has always displayed the utmost dedication in supplying information and assisting the Office of the Speaker.

[*Translation*]

I may add that Colonel Askwith's services go well beyond those I have just mentioned. He has an intimate knowledge of Parliament Hill, in addition to his military experience. Furthermore, he is able to converse, in excellent French I may add, with everyone we meet in Parliament.

I wish to express my sincere gratitude for the invaluable services he has rendered to the Speaker of the Senate.

Personally, I am sad to see him go, and I hope there will be a way to impart his qualities to the person destined to be the next Gentleman Usher of the Black Rod, and that he will be able to perform his duties with the same dignity, discretion and skill as Lieutenant Cclonel Askwith.

MINGAN ARCHIPELAGO NATIONAL PARK BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-53, an Act to establish a National Park on the Mingan Archipelago.

Bill read first time.

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

SECOND READING

Hon. Louis de G. Giguère, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be read the second time now.

He said: Honourable senators, Bill C-53 was adopted unanimously in the other place. The purpose of this bill is to reserve lands for the Mingan Archipelago National Park.

In the course of nearly a century, 29 national parks and more than 75 historic parks, sites and canals have been created and developed in all Canada's regions. Continuing in this vein, the bill proposes to create a national park in the Gulf of St. Lawrence on the Mingan Archipelago, about 200 kilometers east of Sept-Îles. The site was chosen because of its unique characteristics. The Mingan Archipelago is truly remarkable and deserves to be protected for future generations.

The Mingan islands have attracted considerable attention during the last twenty years because of the unique character of this natural region and the wealth and diversity of its ecosystems which are still in their virgin state.

The unique character of the Mingan Archipelago is due to the presence and impact of a number of natural phenomena that are extremely interdependent. The marine and sub-boreal climate, combined with the many geological shifts in its rock formations, has helped to create a terrain that is exceptionally

beautiful and diversified. Its vegetation, in many cases unique, is particularly well adapted to the environment. Also typical are the many bird colonies and a marine environment where several whale species, including the great blue whale, may be seen quite regularly.

The Mingan Islands are a representative and exceptional example of one of the numerous natural regions of Canada. Their land and marine environment contain all the characteristic natural components, at both the national and world-wide level, which make them an ideal site for one of Canada's most beautiful national parks. How will Parks Canada manage to turn that territory into a leisure and educational area, while at the same time protecting the historical and natural resources which made it worthwhile to select it as a national park?

First of all, the Natural Parks Act will guarantee that protection, since it covers all activities on and uses of those territories. Second, the policy of Parks Canada is to set the general principles to be followed to make sure that the development of lands under Parks Canada responsibility will be in keeping with its mandate to protect our natural or cultural heritage. Finally, in the past decades, in light of scientific and technological advance, Parks Canada has set up various land planning and management mechanisms so that they will be developed and used in a rational manner which is compatible with its basic protective mission.

The Mingan Archipelago is in a territory which is the subject of land claims on the part of the Attikamek-Montagnais Council. The Mingan Band has already endorsed the principle of this bill. The establishment of a park reserve guarantees that the national park will not become reality until the claims of the native people have been settled. Any right, title or interest of the native people which is part of a claim will be acknowledged within the limits of the national park.

The Mingan Archipelago will be the 30th national park, a jewel in our network of national parks which are already internationally famous.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the idea of creating a National Park on the Mingan Archipelago is certainly an excellent one.

I know that the federal authorities have beaten the officials of the Quebec government in their negotiations with the native band involved to obtain its agreement for the transfer of this territory to create the park.

We shall have to find out eventually how this park can serve the general public since it is in a relatively remote area. It will therefore not be easy to reach except if excursions are organized from Sept-Îles. As mentioned by Senator Giguère, this park is situated 200 milles east of Sept-Îles. Undoubtedly, the natural beauty of the site as well as its fauna and flora should eventually attract many tourists.

This is the territory described by Gilles Vigneault in his song "Jack Monoloy" when he refers to the birch-trees of the Mingan River. Many of you may have seen on television how these islands, which present the most incredible shapes, can create a very special impression.

All we can hope is that the project will be implemented as the Department of Indian and Northern Affairs now intends it to be. For this reason, we agree that this bill should receive second reading immediately.

I do not see any need to refer the bill to a committee; it can receive third reading later on.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Louis de G. Giguère: 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?

Some Hon. Members: Agreed.

Motion agreed to and bill read third time and passed.

[*English*]

CANADA-UNITED KINGDOM CIVIL AND COMMERCIAL JUDGMENTS CONVENTION BILL, 1984

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-51, to implement a convention between Canada and the United Kingdom of Great Britain and Northern Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters.

Bill read first time.

SECOND READING

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

Hon. Henry D. Hicks, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be now read the second time.

He said: Honourable senators, the convention between Canada and the United Kingdom of Great Britain and Northern Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters was signed in Ottawa on April 24 of this year. This convention codifies the existing principles for the recognition of judgments in Canada and the United Kingdom and also simplifies the procedures in this area. The bill that is before us today extends the application of the convention to judgments rendered by the Federal Court.

The main reason for concluding this convention was the imminent accession by the United Kingdom to a European convention on the enforcement of judgments. This European convention provides for the enforcement of judgments of other European states, including some that would not otherwise have

been recognized by the United Kingdom courts because of their being based on challengeable—frequently qualified as "exorbitant"—bases of jurisdiction.

● (1420)

The European convention, however, contains a provision which enables the United Kingdom to declare that it will not recognize or enforce any judgment based on exorbitant grounds of jurisdiction given against a party that is domiciled or habitually resident in a specified non-European state. By article IX of the proposed Canada-United Kingdom convention, which is attached to the bill as a schedule, the United Kingdom undertakes to make such a declaration.

Before Canada can ratify this convention, both federal and provincial legislation has to be adopted. Almost all of the provinces have undertaken to adopt the necessary bill, and I can advise honourable senators that this has already been done in Ontario and my own province of Nova Scotia. Article XII of the proposed convention enables Canada to ratify and expand the application of the convention to specific provinces, not necessarily to all of the provinces.

Since it is expected that the European convention will come into force in January 1985, the passage of this bill will ensure that Canadian assets in the United Kingdom will be protected against claims and judgments which, but for the European convention, would not be recognized in the United Kingdom.

Honourable senators, the explanation is somewhat more complicated than I had thought when I first read the bill, and I was tempted to commence my remarks by saying that it was a simple bill. But I recalled, of course, the fate of a senator, unfortunately now no longer with us, who commenced a motion for second reading with that statement, and therefore I refrained from doing so. Then, when I read the notes setting out the reason for the implementation of this convention, I realized that it was not that simple after all. Nevertheless, with that explanation, I commend the bill to honourable senators and seek their support on second reading.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I concur with the last statement of the sponsor of the bill that this legislation is more complicated than at first glance it may appear. Normally the procedure for enforcing a judgment of a foreign country or another province is called exemplification, which, in fact, means a repetition of the previous trial, to enable a new judgment to be rendered by the court where the execution of the judgment is required to take place. Apparently this convention would merely provide for the registration of the judgment in a court and a retrial would not be necessary. That is how I saw the situation at first glance. However, I note also that this convention does not apply to many kinds of judgments. Article II in Part II of the bill, under the heading "Scope of the Convention", says:

2. This Convention shall not apply to

(a) orders for the periodic payment of maintenance;

And we are aware of the problem between provinces regarding the execution of orders for maintenance:

(b) the recovery of taxes, duties or charges of a like nature or the recovery of a fine or penalty;

(c) judgments given on appeal from decisions of tribunals other than courts;

(d) judgments which determine

(i) the status or legal capacity of natural persons;

(ii) custody or guardianship of infants;

(iii) matrimonial matters;

(iv) succession to or the administration of the estates of deceased persons;

(v) bankruptcy, insolvency or the winding up of companies or other legal persons;

(vi) the management of the affairs of a person not capable of managing his own affairs.

All of those classes of judgments are excluded from the application of the convention. Therefore I would say the legislation is restricted. As Senator Hicks has indicated, it requires complementary legislation by each province with regard to the courts in both civil and commercial matters. The convention has been negotiated for some time, and, for the reasons indicated by Senator Hicks, I see no problem in passing this bill today. As the legislation requires the concurrence of the provincial authorities, I am quite sure that we shall not be taking any risk in passing this bill.

Hon. Henry D. Hicks: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the Honourable Senator Hicks speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Hicks: I thank the honourable senator for his perceptive intervention. I too was struck by the many exclusions from the types and classes of judgments that are dealt with by this convention, but I rationalized the situation by considering that it was better than nothing. I believe this to be a step in a direction which I am sure most of us will agree is the right one. Therefore I hope that honourable senators will support the bill on second reading.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Hicks: Honourable senators, this is the type of legislation about which I believe a Senate committee could not do very much. Accordingly, I do not believe there is any point in referring it to committee. Therefore, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

PUBLIC SERVICE SUPERANNUATION 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, to amend the Public Service Superannuation Act.

Bill read first time.

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

Hon. Peter Bosa: With leave, now.

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

Hon. Daniel Riley: Honourable senators, on a point of order, a great deal of study and work has been undertaken by the Standing Senate Committee on Transport and Communications. We have a pretty full schedule today and if we could take a few minutes to consider that report—it is Order No. 5—it would relieve a lot of us of the tension of having to sit and wait for a chance to get the report before our peers to see whether or not they accept it.

• (1430)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not believe that the report is on the Order Paper for approval but, rather, for consideration. I spoke to Senator Langlois, and I should have mentioned it to Senator Riley, and told him that since legislation normally takes precedence, we agreed we would proceed with the legislation and as soon as we get a chance we will deal with that report.

Senator Riley: The honourable senator says that legislation takes precedence. Here is something that members on both sides of the Senate have worked hard on for a number of months. Are we just going to wait for prorogation and walk away from this work over which we laboured for so long?

Senator Frith: Honourable senators, I was not suggesting that. I guess Senator Riley did not hear what I had to say.

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

Hon. Senators: Agreed.

Senator Bosa: Honourable senators, the proposed bill amends the Public Service Superannuation Act, which provides for pension benefits for federal public servants. The amendments are designed to remedy the past and future superannuation status of employees of members of Parliament. The amendment applies also to the employees of the Speakers' offices of both houses, government leaders of both houses and leaders of the opposition of both houses and the staff of the official residence and other similar employees. The bill provides as well that coverage will be extended to all present and future employees of members of Parliament and other categories named by regulation from the date the bill comes into force.

This amendment is necessitated by the fact that it was believed that the act covered these categories of employees that I have mentioned but, upon examination by law officers of the Crown, it was discovered that it did not. These amendments fulfil that objective.

Hon. Jacques Flynn (Leader of the Opposition): The explanation is so clear that I cannot find anything to add.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Bosa moved, with leave of the Senate and notwithstanding rule 45(1)(b), that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

VIA RAIL CANADA INC.

CONSIDERATION OF INTERIM REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE—DEBATE CONCLUDED

On the order:

> Resuming the debate on the consideration of the Second Report of the Standing Senate Comittee on Transport and Communications entitled: "Interim Report—Rail Passenger Services in Canada—Are We on the Right Track?", tabled in the Senate on 26th June, 1984—(*Honourable Senator Macdonald.*)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Riley has pointed out that there are senators who wish to speak to this order. Perhaps we could have it called. It stands in the name of Senator Macdonald.

Hon. Jacques Flynn (Leader of the Opposition): I have no objection but I would like to know whether we are going to receive other bills from the House of Commons. It seems to me that at 2.45 p.m. we should not be expecting to deal with other legislation today.

Senator Frith: I agree. However, I cannot be over there and here at the same time.

Senator Flynn: Usually, when it is necessary, it seems that your lines of communication are well established.

Hon. John M. Macdonald: Honourable senators, even though our time today is somewhat limited, I would not want the Senate to adjourn without making some reference to the Interim Report of the Standing Senate Committee on Transport and Communications which is entitled "Are We on the Right Track?" This is a report of a study into the national rail passenger service provided to Canadians by VIA Rail Canada. It is not my intention to speak at any length on the contents of the report but I would like to draw your attention to page two, where, under the heading "Should VIA Rail Exist?" It reads:

> The title of this report is not intended to be facetious. It reflects the Committee's concern about the future of

passenger rail transport in Canada. An atmosphere of uncertainty has been created in many regions of Canada that perhaps there really is no future for this type of transportation system. The long history of poorer and poorer passenger service and the service cutbacks announced by the Government in 1981 caused this uncertainty and put the future of passenger rail transportation in doubt.

Recent problems, especially during the Christmas period in December 1983 with equipment breakdowns resulting in long delays, have been viewed as indications that VIA Rail still is not committed to providing an adequate rail service. The Committee believes that underlying the whole issue of passenger rail transportation is the question of whether or not the Government is committed to the existence of VIA Rail, or even to passenger rail services. As stated in its first interim report, the Committee is still of the opinion that a modern and efficient railway passenger system can and should be provided and continue to play an important role in Canada's transportation future.

Are we "on the right track" to the achievement of this goal? The Committee believes that some advances have been made in a positive direction but that much more needs to be done. It feels that with proper Government initiatives, sound management practices and necessary powers, VIA Rail Canada Inc. can provide Canadians with a good rail passenger system.

Honourable senators, the report makes 26 recommendations which, if carried out, would provide Canadians with a good, modern passenger service.

● (1440)

I know that the committee would not expect all of its recommendations to be carried out at once, but a commitment to carry them out would be very helpful. Indeed, I hope that recommendations 1 and 2 will be accepted and put into effect as soon as possible in the next sitting of Parliament. These are two essential recommendations and I would like to take the time to quote them. Recommendation 1 reads as follows:

1. The Committee recommends that legislation be enacted by the Parliament of Canada at the earliest possible time to establish VIA Rail on its own statutory basis with a mandate to provide a sound and efficient national rail passenger system.

Recommendation 2 reads as follows:

2. The Committee recommends that the Act include a clear statement of the Government's policy regarding VIA's provision of rail passenger service.

Honourable senators, if these two recommendations were put into effect it would be a very good thing. Since I am a member of the committee which made these recommendations and since I participated in some of the hearings, I suppose it would not do for me to praise the report too highly. However, I do think it is worthy of praise. It is a valuable report and I think it owes much of its value to the guidance and work of its chairman, Senator Langlois.

[Senator Macdonald.]

Hon. Senators: Hear, hear.

Senator Macdonald: He presided over the hearings of the committee with ability, knowledge, skill, and even with patience. We are fortunate in that he was our chairman. I know he will continue to act as chairman while the committee continues its study and he will give us the benefit of his knowledge and his wise guidance. Honourable senators, I am pleased to support the motion for the adoption of this report if such a motion should be made.

Hon. Senators: Hear, hear.

Hon. Daniel Riley: Honourable senators, I do not wish to take up the time of the Senate on this report. However, as I said earlier, the members of the committee, representing all regions of Canada, took the terms of reference seriously. We worked hard on studying and reviewing the VIA Rail situation and we came up with our recommendations. Along with Senator Macdonald, I hope that the government will implement them, particularly the most important ones. I can only recommmend to my peers that this report be adopted.

Hon. Senators: Hear, hear.

The Hon. the Acting Speaker: As no other honourable senator wishes to speak, the debate on the consideration of this report is considered as being concluded.

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAM

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would now like to outline the state of play as best I can figure it out. The bills which are left to be dealt with are Bill C-31, which is legislation respecting fresh water fish; Bill C-47, which deals with amendments to the Indian Act; Bill C-50, which deals with agricultural stabilization; and Bill C-56, which deals with farm products.

As I see it, we are left with some four bills. However, the other place is bogged down with respect to Bill C-47. I think that very shortly we should tell them in the other place that they had better complete what they want completed and not expect any more help from us if they cannot get to the legislation I have outlined. Obviously, Bill C-47 does not now fit into the category of what I described previously as non-controversial; if it were then we should have it. I believe the other bills are in that category. Therefore, I would ask the Senate to allow me a few moments, until approximately 3.30 p.m., to make inquiries at which time I will return with a report as to the status of these bills.

Hon. John M. Macdonald: Honourable senators, before we adjourn perhaps we could take care of Order No. 6 on the Order Paper. It stands in my name and I would like to deal with it.

ENERGY AND NATURAL RESOURCES

CONSIDERATION OF FIRST REPORT OF COMMITTEE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the consideration of the First Report of the Standing Senate Committee on Energy and Natural Resources, tabled in the Senate on 20th June, 1984.—(*Honourable Senator Macdonald.*)

Hon. John M. Macdonald: Honourable senators, I must confess I did not follow closely the proceedings of the Standing Senate Committee on Energy and Natural Resources which reviewed the recommendations contained in the Fifth Report of the Special Committee of the Senate on the Northern Pipeline, which report was entitled "Marching to the Beat of the Same Drum". However, I must also confess that I was impressed by the speech delivered in the Senate on June 20 last by Senator Hastings, who is chairman of the committee.

That report was a review of the public and governmental responses to the 21 recommendations contained in the report of the Special Committee on the Northern Pipeline, which was tabled in the Senate on March 30, 1983. It must be most gratifying to the members of the special committee that 17 of the recommendations were accepted and the remaining four were not rejected out of hand but, rather, required further study.

I found one part of Senator Hastings' speech especially informative. He mentioned that the committee provided a clear momentum and initiative for three important federal government programs in the north. The first is known as Northern Regulatory Review; the second is the Northern Oil and Gas Action Program; and the third is the Northern Land Use Planning Program. If honourable senators wish details of these programs I refer them to the two reports.

It should be noted these programs have been initiated at the prompting and with the concurrence of the special committee. I feel Senator Hastings and his committee deserve the thanks and commendation of the Senate for their valuable report and for the follow-up they made to determine what had been the response of the government.

The Hon. the Acting Speaker: Honourable senators, as no other senator wishes to speak, the debate on this order is considered to be concluded.

MARITIME DEFENCE

CONSIDERATION OF REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canada's Maritime Defence", tabled in the Senate on 15th June, 1983.—(*Honourable Senator Macdonald.*)

Hon. John M. Macdonald: Honourable senators, the report of the Standing Senate Committee on Foreign Affairs dealing with maritime defence is the second report of its Subcommittee on National Defence. The first report dealt with manpower in Canada's armed forces, and there is to be a third report dealing with air power. These reports are very interesting and they are valuable documents. They represent a detached, factual, non-emotional, in-depth study of our national defence. The conclusions reached and the recommendations made are worthy of, and entitled to, favourable consideration.

The present report deals with Canada's maritime defence. To see the quality of the study, as it were, one only has to look at Appendix E. This is a list of the people who appeared as witnesses before the subcommittee. It shows 100 persons gave evidence, 18 of whom appeared more than once. The list of witnesses is an impressive one. It is composed of service and non-service people who are experts in their fields and whose knowledge and ability, I am sure, greatly impressed the members of the subcommittee.

● (1450)

Honourable senators, I expect this report on our maritime defence is of special interest to those of us who come from the eastern and western coasts of Canada. I know it is of special interest to those from the east coast who remember the state of our navy when Canada went to war in 1939. You will remember, too, the frantic efforts which were made to increase our naval strength, and to build and strengthen our coastal defences. The report mentions that in 1939 our regular navy consisted of six destroyers and 2,100 uniformed personnel, and these were divided between the east and the west coast. It is of interest to know that during the war the navy expanded rapidly and in 1945 consisted of 211 ships of various types and 94,000 uniformed personnel.

During that war our navy did many heroic deeds and not only made a substantial contribution to our final victory, but also proved that the Canadian navy and its sailors were at least as good as those of any other country in the world.

Honourable senators, if I might digress for a moment, I would like to say that I have a special interest in the navy, coming, as I do, from the east coast. As you get older, you remember things that happened long ago. I remember the time when the unit I was with went into France. We were what was called army troops; we moved when army headquarters moved and we did not go to France until practically the end of July. However, we wandered around the Channel for a while and spent the night waiting to disembark. There was some bombing during that time and, in the morning when we went up on deck of the ship we were on, I saw alongside the port side of that ship, approximately 600 yards away, a big, powerful low-slung cruiser and I tell you, it was a very reassuring sight.

Conditions have changed since 1949 and such a rapid expansion of our naval forces is no longer possible. The modern navy ship is a very sophisticated piece of equipment whose design and construction requires a long period of time. It requires highly trained personnel to operate it, experts in electronics, mathematics and physics, computer sciences and engineering.

The report found that the Canadian navy is sufficient in many ways, and sets out in detail just what it considers is the minimum necessary to put our navy in a position so that it can fulfill its duties both at home and our commitments to our NATO allies. Just what these duties are are found at page 27 of the report, and I quote:

> In the 1971 white paper on defence, *Defence in the 70s*, the commitments of the Canadian Armed Forces were listed as the protection of Canadian sovereignty; the defence of North America; contributing to the North Atlantic Treaty Organization; and peacekeeping. In the twelve years since the defence white paper was published, nothing has happened to render any of these general commitments inappropriate. Indeed, nothing indicates that Canada may soon be able to abandon any of them.

Then the paper entitled *Background Information Canadian Frigate Project* uses much the same language in defining the role of the navy. It states, and again I quote:

> Canada needs to be prepared both to protect its own sovereignty and maritime jurisdiction and to participate with the allies in a collective deterrent effort. As a country with one of the longest coastlines in the world, Canada requires a viable naval force able to do both.

It also states that a fleet of 24 vessels had been accepted as the requirement to meet Canada's commitment to collective defence, and in the report it is mentioned that 20 destroyers would be required along with support ships.

It was at that time in December 1977 that the decision was announced to acquire six frigates as the first part of a long-term future replacement program for the navy. As you know, contracts have been awarded for the construction of these frigates and I understand work on them is to start this year. Honourable senators, the cost of these ships indicates in no uncertain manner what the cost would be of modernizing our navy by replacing old ships with new, modern ships and perhaps converting others, along with normal refits. The cost of the six new frigates at ceiling price is estimated to be $3.85 billion in 1983 dollars, and the estimated cost of modernizing four destroyers is $650 million, and I believe that tenders have been called for the modernization of those destroyers.

Honourable senators, to emphasize the objectives of our defence policy, I quote from the address of the Honourable H. A. Olson, P.C., the Leader of the Government in the Senate, which is found in the appendix to the *Debates of the Senate* of April 12 last.

> We, as members of a collective defence alliance, must make sure that we convey to those who might breach the peace that such a course of action would not be worthwhile because we have both the means and the determination to safeguard our security interests. In order to do so, while we continue to pursue with our allies the objective of greater security through arms control negotiations, we must make a tangible contribution to the development of new weapons systems to counter those that have been deployed against us, and we must maintain our agreed levels of commitment to collective defence. Our expressions of solidarity must be backed by material evidence of our determination to meet our agreed defence commitments.

Honourable senators, I would like to offer one more quotation just to illustrate the point that there does not appear to be any difference between government objectives and the objectives of the subcommittee in regard to national defence. I quote from the National Defence Department Report dated March 1984 and entitled *Defence '83*, where the role of the Canadian forces is defined. It says:

> The Canadian Forces are the military element of the Canadian Government and are part of DND. Government Policy concerning the CF takes into account national and foreign policy. The roles of the CF are developed within this framework. They are:
>
> The surveillance of our own territory and coast lines, i.e. the protection of our sovereignty.
>
> The defence of North America in cooperation with the U.S. Forces.
>
> The fulfillment of such NATO commitments as may be agreed upon.
>
> The performance of such international peacekeeping roles as we may from time to time assume.

Honourable senators, since there is general agreement as to the purpose and role of our defence forces, one may well ask why the report of the subcommittee is so critical of the present state of the navy—and it is critical. I suppose the short answer is that the subcommittee is of the opinion that the navy is unable to fulfill the role required of it. Indeed, in the very first paragraph of the introduction it states that our maritime defences have so far deteriorated that immediate and drastic remedies are called for. It further states that while Canada's maritime claims have been increasing, the ability to defend them has been declining. The subcommittee is of the opinion from the testimony that it received and from personal observation that with the equipment it now has, maritime command cannot meet its commitment for the protection of Canadian sovereignty or the other obligations we have assumed.

This is a very serious allegation. Yet without going into the matter in detail, I think it must be admitted that the subcommittee has made a very powerful case to support its finding and conclusions. Indeed, I think it has shown that since 1945 we have allowed our naval forces to be neglected. We did not provide our navy with the modern ships and equipment it needed to carry out the task assigned to it.

I do not think that anyone can be blamed for this state of affairs. The country was in no mood for spending large sums of money for naval construction. There was certainly no surge of public opinion demanding that our navy be given modern ships and equipment. Indeed, I do not think the public in general knew or cared too much about fulfilling our naval obligations. I suppose the reason for this attitude was that, up to the time of the Second World War, we knew that the British Navy was there in case of need and, since 1945, we

have had the comforting feeling that the U.S. Navy was not far away. Actually, anyone who had some knowledge of the matter and gave it some thought could only marvel that our navy could be kept in such a high state of efficiency as it is, working under such adverse conditions.

● (1500)

Honourable senators, I think it was in 1974 that it was decided that over a period of years the navy would be given new ships and modern equipment. To pay for the modernization program, there would be an annual increase of three per cent in defence spending. Yet, as shown in the report, a much larger expenditure would be necessary if the navy were to be brought up to the standard the committee recommends. To bring the navy up to that standard, the committee made 32 recommendations. The first 12 of these could be accomplished with little, if any, extra cost. For example, the first recommendation is that work should begin immediately on a white paper which would clearly state Canada's defence policy and priorities and describe the tasks the government expects the armed forces to perform. However, honourable senators, other recommendations—the major recommendations—would be very costly and require a large annual sum of money regardless of how long the period was over which it was spread out. The committee set out what it considered a desirable naval force and estimated its cost. Accordingly, the committee felt the primary aim of Canadian maritime defence policy should be the creation of a renewed, balanced fleet within 12 years. The policy should take into account both the need for approximately twice as many major weapons platforms as MARCOM now possesses and the need to compensate as rapidly as possible for current deficiencies. The subcommittee suggested that an extra $550 million a year for 12 years in constant 1983 dollars would be used to acquire capital equipment, and this would be in addition to the normal defence expenditures. There would also be at least an additional $80 million a year required to man and operate the new fleet. In the government's reply to the report, as outlined in Senator Olson's address, printed as an appendix to Senate *Hansard* of April 12, many of the recommendations are accepted, but it is felt the committee's estimate of cost is low. Indeed, the government estimates the costs involved would be much higher, and I think that has been proven.

I also look at a reply given by the Minister of National Defence to a question asked in the House of Commons on May 24. The minister stated that in 1974-75 the government spent $2.5 billion in defence expenditures, and of this about 8 per cent was for capital expenditures. This year the expenditure will be $8.7 billion, and of this 26 per cent will be capital expenditure. It is estimated that in 1986-87 the sum of $11.1 billion will be spent.

Honourable senators, the subcommittee realized that acceptance of their recommendations would be costly. Indeed, it mentioned it had already recommended in its first report the expenditure of an additional $350 million a year, and in all probability there would be a substantial increase recommended in its third report. So, honourable senators, while the recommendations of the subcommittee are worthy of the highest consideration and would need to be implemented if we are to have the balanced fleet which we would like to have, I agree with the statement in the address of Senator Olson that the recommendation for the creation of a maritime force by obtaining twice as many major weapons platforms is not realistic. Public opinion has to be taken into account in these matters, and to obtain that support, for example in announcing the frigate program, it was stressed that this would be of great benefit not only to the navy but to the shipbuilding industry and would create needed employment. In the report it is also mentioned that the building of the recommended force would produce important benefits to the economy. To my mind mentioning that the recommendations of the first two reports, if implemented, would see defence expenditures rise from about two per cent to 2.3 per cent of the gross national product means nothing to the average citizen; those to whom it does have meaning are probably already convinced of the need for such expenditure.

Honourable senators, the members of the subcommittee have performed a valuable service in their study of our maritime defence and they certainly deserve our thanks for a job well done. While it may appear that the recommendations in the report are not acceptable or, at least, not immediately acceptable, I think in general it is certainly fulfilling one of the purposes of the committee, which is set out in the final paragraph which I quote:

> The sub-committee from its inception has seen its most effective potential contribution to be that of promoting informed, dispassionate discussion about defence—a subject some have termed the first responsibility of a state. It is the profound hope of all members that this, the subcommittee's second report, will aid in that objective. If in so doing the report also prompts needed action, the reward to its authors would be beyond measure.

Honourable senators, in my opinion the report has promoted and is promoting informed, dispassionate discussion on defence. And more than that, it is the basis of an informed public opinion which will lead to Canada obtaining a balanced, modern navy sooner than would otherwise have been the case.

I congratulate the subcommittee on its excellent work and on the high quality of the report and I look forward with great interest to the publication of the third report.

Thank you for your patience, honourable senators.

Hon. Philippe Deane Gigantès: Honourable senators, with profound apologies I must state that I disagree with many of the conclusions found in the report and much of the philosophy that went into it. It gives me the feeling that it is talking about World War II. During that war I served in the British navy, the Senior Service, the best navy in the world, as we liked to tell the Americans, but the Royal Canadian Navy was as good.

What would one want such a modern navy for? Would we attack Soviet submarines coming into our waters before those submarines fired their missiles? If we did so, we would be launching World War III; if we did so, it would mean we had

agreed with the Americans that we were going to strike first at the Russians, and I do not think that that is our intention.

I do not see much point in attacking the Russian submarines after they have launched their missiles, because we would be frying at the other end of their missiles' trajectories. It seems to me that a reasonable navy for Canada to have is one that can intercept smugglers, that can question foreign ships that enter our waters, but not one that is capable of fighting Soviet submarines or the Soviet fleet. If there is a NATO strategy to fight a naval war, or to escort convoys across the Atlantic, as in the good old days of World War II, it is a nostalgic strategy, I submit, which does not think in terms of the next war but of the last war; it is a strategy repeating what the French did with the Maginot Line. Therefore, with the greatest of respect, and humbly, because I am very new in this chamber, I find that the conclusions in the report have looked at the trees presented in each case by very able and dedicated military officers whom we pay to worry about a particular tree, but who have not looked at the total forest, which is a forest in which we will not fight. Our whole aim is to avoid a third world war. So far, I have not heard of a reasonable policy for avoiding a third world war other than convincing the Russians that if they fire first they will sustain our retaliatory fire. In other words, the U.S. retaliatory fire will destroy them. Senator Macdonald and the members of the committee propose that we go the British and French route and develop our own nuclear deterrent forces consisting of four or five submarines capable of destroying Russian cities. That is fine if we are fired upon first, but since we are not going that route, I do not see any point in following the suggestions of the committee.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I had not thought of entering into this discussion until I heard Senator Gigantès make his observations regarding the report. I must admit that he raises points which I think deserve careful consideration and I really think that they may have received some consideration by the committee when it was preparing its report.

One of the assumptions that underline the work the committee did was that we were not planning to deal with nuclear war. If one makes the assumption that the Russians are going to fire nuclear weapons from submarines, and our navy might stop that, we are assuming that the situation will be one of nuclear conflict. If that is the case we can relax because there is not much anyone is going to be able to do about it anyway. As far as we can tell, the consequences of a nuclear interchange are so disastrous that there is left nothing to talk about.

● (1510)

The committee in its consideration of this matter concluded that it would not be useful to make any recommendations which contemplated military action in the event of a nuclear war. The chairman of the committee is sitting here and heard a lot more of the evidence than I did, and I would not be at all upset if he corrected me on any of these points. The committee stated that we are not dealing with a nuclear situation but what is now called, charmingly, a conventional war. Of course, it raises the whole question of just how tolerable a conventional war might be.

The first point I want to make is that if you are thinking of nuclear war, then there is no point in talking about a navy. Before the navy gets out of the harbour, that war will be over with the impact of nuclear weapons. I do not think the committee had that in mind. Senator Gigantès' criticism of that point is well taken if we were contemplating nuclear war, but I do not think we were. What we were contemplating was a conventional war. One can say that it is not going to be at all like World War II, and I think that is quite right. You cannot really expect history to repeat itself—certainly not military history. I agree with him that there is a great temptation to fight the last war in all our military plannings, and it may be that the committee has slipped into that danger in some of its thinking, but I hope not.

What are we talking about then? I think we are talking about the whole question of deterrence. When you talk about whether or not you should do anything about the navy, you are talking about a deterrent to a conventional war. If you are manifestly not contemplating being prepared to fight a conventional war, then any way in which you might hope to discourage the other side from indulging in that kind of warfare will, of course, be fruitless. You will see that you are like Britain in 1939, unable, because they had done nothing about rearmament, to weigh into the balance of decision the intentions of Hitler at that time.

Canada, to my mind, should take its place in the NATO structure, however imperfect that may be—and, heaven knows, it is not entirely satisfactory—contemplating a conventional type of conflict, and be able to pull its weight. It is a matter of judgment as to whether or not that is a futile operation. You may say that conventional warfare is a ridiculous idea. How soon after the conventional war starts does the nuclear holocaust begin? That is certainly a credible scenario, and if it turns out to be the right one then there is no hope.

I merely wanted to say that when the committee was considering this matter it was considering the desirability or otherwise of having a deterrent capability in the face of conventional warfare. I think there was another consideration, namely, our place in the scheme of the NATO alliance. One of the things that has always distressed me is that when Canadian statesmen have toured the world in favour of peace, and Canadian statesmen have endeavoured to mobilize the NATO alliance for that purpose, as the Prime Minister has tried to do, they find themselves at somewhat of a disadvantage because people say, "It is all very well for you to talk about peace, but you are not pulling your weight in our efforts to put ourselves in a position of effectiveness in the event of a military situation." In order to have an effective voice in the councils of those who decide these matters, I think you have to be regarded as pulling your weight.

One of the concerns of the committee was that in the naval field the Government of Canada was not pulling its weight in NATO. You have to make up your mind whether that is a good or a bad thing. It seems to me that if it is a bad thing,

then we ought to abandon the alliance. That, of course, means abandoning a great deal of any prospect that we have of sovereignty or independence in respect of other people who are on our side. If we do not pull our weight in NATO, and do not do our part with respect to conventional warfare, somebody else is going to have to do it for us. We might not approve of their doing it for us, but they are going to do it for us. If that happens, then I think our capacity to weigh in on the decisions in that field is somewhat limited.

While I do not pretend to speak on behalf of the committee or present an exhaustive analysis of the situation—I realize that this is hardly the time to do so in any case—

Hon. Royce Frith (Deputy Leader of the Government): It's fine.

Senator Roblin: Well, if you don't have your bills at 3.30, you're out of luck.

When this matter was brought up at this stage, I gave my view as to what the committee was attempting to do. We should deal with this question of nuclear warfare as opposed to conventional warfare. We should deal with the question of our place in the alliance and what it means for Canadian sovereignty and independence and influence in the decision-making, and we should deal with the question of whether a deterrent in the event of conventional warfare is worth anything at all.

Those three propositions are wide open to debate. It is taxing some of the best minds in the western world to come up with the right answers. Perhaps the committee does not have the right answers. I am willing to make plenty of room for differences of opinion or to be convinced, indeed, that the general approach of the committee to these problems is open to question. I have to admit that, but as far as I am concerned the work of the committee had those three considerations in mind, and that should be taken into account in judging what the committee is recommending.

This whole question requires a wiser man than me to come up with the correct answer, but I think the committee has made an honest— and I know everyone agrees with this—and legitimate attempt to define the problem. That is the first thing to do—define the issue—and then consider how Canada should react to it. For what they are worth, I throw in these few thoughts this afternoon.

Hon. Paul C. Lafond: Honourable senators, I am grateful to those who participated in this debate this afternoon. It is a question that we have to keep at the forefront of our minds. What we also have to keep at the forefront of our thinking is alerting the population of Canada to our requirements and basic needs on defence. I completely agree with Senator Roblin's comments, particularly with respect to the political impact or the nature of the influence we may exert with our allies, if we are not true to ourselves or them in honouring the defence commitments that we have accepted.

I cannot completely disagree with Senator Gigantès, but he seems to concentrate on one scenario only—that of nuclear war or no war. I do not think it is as black or white as that. If we were to accept that the only scenario is nuclear war on both sides of the fence, then let us drop our defences completely. If we do that, then, of course, we avoid nuclear war because the other side does not need to use nuclear weapons to pursue their aims.

Aside from our commitments to the Alliance, global conflicts and so on, we have to take care to police our own backyard. We need some defences along our coast. We need to defend ourselves against minor encroachments. Such minor encroachments, as we say in our report, can from time to time come from our enemies as they can come from our friends.

● (1520)

It is a question of Canada having at hand a navy to defend its coast, its territories and its approaches. While this subject may not have been pinpointed in our report, a major item to my mind is our deploring the total absence of mine countermeasures in the make-up of our navy at the present time. We know that the potential enemy has a tremendous inventory of mines of a wide variety. The latest figures we were given were in the order of 350,000 to 400,000. We know that the enemy has the capacity to deploy those mines *ad infinitum* by a variety of ways through submarines, fishing vessels and aircraft. We know it takes very few of those mines to create panic in North America.

It would only take two dozen mines across the Juan de Fuca Strait; six across the front of Halifax harbour; twelve across the Cabot Strait; the Belle Isle Strait we probably cannot ignore;—

Senator Roblin: One would do there.

Senator Lafond: —two or three in front of Sydney Harbour; half a dozen in front of St. John's Harbour; and a dozen across the Bay of Fundy—which could be done in 20 hours—to completely block our sea lanes and our workable harbours. No matter what else we need do, we need to ship materials, men and food abroad should the conflict develop. Yet, our harbours can be completely blocked within a matter of hours.

As we say in our report, at the moment our only means of hunting, discovering and destroying mines is by hand-held equipment used by some of our naval divers. That, to my mind, comes awfully close to criminal negligence.

On that item alone, I still believe the report was of value to the people of Canada. I hope that starting next week, whichever government is to be responsible for our destinies over the next four years, it will pay close attention to the considerations which we ourselves have given to this question.

Hon. Senators: Hear, hear.

Senator Gigantès: Honourable senators, I feel somewhat embarrassed in disagreeing with such distinguished honourable senators, such kind people who have shown me great friendliness and patience in allowing me to attend meetings of the National Defence Committee of which I was not a member. However, I do wish to pose some questions to Senators Lafond and Roblin on this subject. At this time, the potential enemy, the Soviet Bloc, does have considerable superiority over us in

terms of conventional weapons. Would Senator Lafond agree that if the Soviet Bloc does not use its weaponry, it is not using it because of the U.S. nuclear deterrent?

Senator Roblin said that in order to have an effective voice, we must pull our weight. Using that same logic, that means we should have a nuclear deterrent ourselves; is that what he means? I should also like to ask Senator Roblin: Does he extend his thinking that if we do not do it ourselves, someone else will do it to the point of saying that we must not let the Americans perform the defence tasks they perform on behalf of Canada, and perform them all ourselves?

Senator Lafond: Honourable senators, at no time would I assume that I know what the potential enemy thinks or that I know what the potential enemy will do in one instance or another. I can only recommend that we keep our guard up and be ready to react to whatever he decides to do at any given time.

Senator Roblin: Honourable senators, I think it would be courteous to try to answer the two questions put to me by Senator Gigantès.

These questions involve matters of definition. When you talk about pulling your weight, you are speaking in terms that have to be defined, and I agree with that. I think Senator Gigantès is dealing with that point.

Canada, unlike our three major allies—the United States, Great Britain and France—long ago decided it would not have a nuclear capability. Therefore, I think that pulling our weight has to do with the conventional effort. No one expects us to pull our weight in the nuclear field. Our decision has been a matter of policy. It was decided long ago that that would not be our role. We have accepted responsibility in the field of conventional warfare and that is the area in which I think we should pull our weight.

Honourable senators, I have to admit that the United States defends the whole of western society by virtue of its control of the nuclear weapon deterrent. Given that the United States is the country that wields that particular weapon or, indeed, is the body which is really orchestrating the policy of deterrence, then that is their field of operation. I would expect that no Canadian would think that our sovereignty is infringed on that account.

In the area of conventional weapons, there is a suggestion that we should have a more acceptable posture. It seems to me that we do not do this entirely in isolation from our allies. We have always done this in co-operation with our allies, particularly with respect to the United States, NORAD being the principal example. I expect we always will. That is what an alliance is all about.

There is a substantial area in which we conduct joint operations. Where we do not have the paramount input, it is obvious that we are not going to have the paramount word.

There is a world of difference between that situation and doing nothing at all to the extent that we are being defended by someone else without bearing any of the costs involved. That is a position which I think would be dangerous for anyone who has any regard for our sovereignty and our national posture.

[Senator Gigantès.]

● (1530)

Honourable senators, we are not a warlike people. We are not militarists. We do not want to have vast armaments. We want to keep them to as low a degree as we possibly can, and it is a matter of judgment as to where we go. We are simply saying in this committee that we think the country has neglected this responsibility to a considerable extent in the past. I think that we are suggesting, in military terms, at least, a rather modest change in our position. It will not be modest in terms of money—heaven knows that is true. It will cost a lot of money, and we do not readily see at the moment when we will be able to fit that into our budgetary situation. I declare that to be the case, but it does not mean that we should not consider these matters thoughtfully and try to find that balance of judgment as to what we ought to do and where we ought to stand. That is the sort of thing the committee is trying to approach.

At the same time, I repeat what I said before: I am quite certain that we do not have the best answer. I hope it is a better answer than we have had so far. I welcome the intervention of those who would like to ask us to think again or to widen the scope of our consideration of these matters, because I do not think we have any pride of authorship. We are quite willing to be braced with any form of discussion, criticism or suggestion that members of this chamber or, indeed, the general public might wish to offer.

The Hon. the Acting Speaker: Honourable senators, as no other senator wishes to participate, this order is considered to have been debated.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, a few moments ago I had word that the debate in the other place on Bill C-47 was going to continue until at least 4 o'clock. It was my intention to ask the Senate to adjourn until approximately 3.55 so that notice of Royal Assent could be given.

Within the last 45 seconds, however, I have been informed that Bill C-47 has been passed in the House of Commons. I still do not know whether it is the intention in the other place to pass any more bills. As I understand the rules, however, private members' hour begins in the house at 4 o'clock. It is now 3.45. I would therefore move that the Senate adjourn during pleasure for a maximum of 10 minutes, after which we will reassemble at the call of the bell.

The Senate adjourned during pleasure.

At 4 p.m. the sitting was resumed.

INDIAN 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-47, to amend the Indian Act.

Bill read first time.

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

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time now.

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

Some Hon. Senators: No.

The Hon. the Speaker: Leave is not granted.

Senator Frith: Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

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

Hon. Senators: Agreed.

Motion agreed to.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1984

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 correct certain anomalies, inconsistencies, archaisms and errors and to deal with other matters of a non-controversial and uncomplicated nature in the Statutes of Canada.

Bill read first time.

SECOND READING

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

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be now read the second time.

Hon. Joan Neiman: Honourable senators, I will take just a few moments of your time to give an explanation of this bill. It will be recalled that a few weeks ago, on June 7, the Standing Senate Committee on Legal and Constitutional Affairs presented a report on proposals to correct certain anomalies, inconsistencies, archaisms, and so on, in various Statutes of Canada. At that time the committee made a number of suggestions. The rather extensive document was studied in committee for several days, and two members of the committee, namely Senators Tremblay and Lewis, formed a subcommittee to study each of the proposals in detail.

The document was considered over the course of three hearings, and in the committee's report it was suggested that certain amendments should be made. It was suggested that one section, which it was considered did not come within the non-controversial area, should be deleted entirely. A complete folio of our hearings, together with our report, was sent to the chairman of the Justice and Legal Affairs Committee of the other place, which was also charged with studying the proposals.

It is my understanding that the committee of the other place studied our comments closely and the replies we had received from various government departments. As a result, it adopted all of the suggestions we had made in our report.

In addition, that committee made a couple of brief amendments, as follows: The first amendment was to clause 1 amending the short title of the act to read the Miscellaneous Statute Law Amendment Act, 1984. As a consequence, all of the other paragraphs had to be renumbered.

The committee of the other place also recommended that one paragraph of those sections dealing with amendments to the Criminal Code should be deleted entirely. It concerned a revised version of the French text with respect to the definition of high treason. Apparently when that section was being considered by the committee, Mr. Bertrand, Chief Legislative Counsel, advised that there appeared to be a discrepancy between the present version in *Martin's Criminal Code* and an earlier version of the definition of high treason in both official languages. In view of the need to examine and correct the version in both languages, it was decided to drop that section entirely, and it has been omitted from this bill. The section that appears in the Criminal Code at present will remain until officials of the Department of Justice have had a further opportunity to study it.

The committee of the other place also recommended that there should be a clearer definition of the time that the publication of statutes could be made, namely at the end of a session rather than just at the end of a calendar year. That amendment has been incorporated in the bill.

There was also a minor amendment to the Old Age Security Act. Recently the Senate passed Bill C-40, which received Royal Assent. This amendment was incorporated into that act, and therefore the amendment contained in the present bill was redundant and was deleted.

Those are the only minor differences between the proposals which our committee studied and the bill now before you. I have reviewed the bill with Senator Nurgitz, the deputy chairman of the committee, and we agree that there is no necessity to send it to committee. I believe the honourable senator would concur in the passage of this bill.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, for a number of years, it has been customary to introduce this type of bill in the Senate. The purpose of such

bills is to remove anomalies, archaisms and errors in the statutes; they also introduce other minor and non-debatable amendments. The general principle is that the amendment must be minor, not of any crucial importance and non-controversial. Upon the first objection, the amendments must be withdrawn from the bill.

As explained by Senator Neiman, the Committee on Legal and Constitutional Affairs examined all the proposals and filed a report. The bill now before us is based on this report and takes into account the comments made in the House of Commons. Even today, if there were any objection, because of the very nature of this bill and of the agreement which preceeded its introduction, the amendment concerned would have to be withdrawn from the bill.

I did not have the opportunity to follow the work of the committee. Many senators on this side, including Senators Tremblay and Nurgitz, attended the committee meetings. Senator Nurgitz pointed out to me, and I draw the attention of the Senate to this fact, that in some cases, the changes may be substantial even if they are not debatable. Often, the difference between an anomaly, a mistake, an archaism or a change in substance is rather difficult to determine.

Senator Nurgitz suggested that there be two types of bill. One which deals with mistakes, anomalies, archaisms, and so on, but which does not deal with the substance and which is therefore non-debatable. He suggested that we have another type of bill to bring about small changes of substance which would also be non-debatable. There would therefore be no discrepancy between the title and the contents of these bills.

I did not attend the committee meetings. I do not recall which particular point Senator Nurgitz was talking about. I think he wanted to extend the definition of "bank" to a caisse populaire and a credit union. This is obviously a substantial change, but perhaps it is not debatable.

Hon. Royce Frith (Deputy Leader of the Government): It is substantial.

Senator Flynn: Every department tries to make its own small improvement; it is quite normal to try to do that with this kind of bill. Let us not make a fuss about it. Senator Nurgitz had a good idea; in the future, we ought to have two kinds of bills. We could have a bill such as the one mentioned here, and another which might deal with substantial changes which do not raise a controversy.

Motion agreed to and bill read the second time.

THIRD READING

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

Hon. Joan Neiman, with leave of the Senate and notwithstanding rule 44(1)(f), moved: That the bill be now read the third time.

Motion agreed to and bill read third time and passed.

[Senator Flynn.]

[*English*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received.

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 29, 1984

Sir,

I have the honour to inform you that the Honourable William Rogers McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day of June, 1984, at 4.30 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,
Your obedient servant,
Jacques Noiseux
Deputy Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it to stand adjourned until Monday, September 17, 1984, at eight o'clock in the evening.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): I wonder whether the deputy leader will assure us that we will have something to do on Monday, September 17, 1984?

Senator Frith: Honourable senators, one way or another we will probably all have a lot to do on that date, but I do not know whether we will be doing it here.

Hon. Duff Roblin (Deputy Leader of the Opposition): Is that a prophecy?

Senator Frith: Yes.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable William Rogers McIntyre, Puisne Judge of the Supreme Court of Canada, 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 Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable William Rogers McIntyre, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on his part necessary to be done during Her Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act respecting the Canada-Nova Scotia Agreement on Offshore Oil and Gas Resource Management and Revenue Sharing and to make related and consequential amendments (*Bill C-43 Chapter No. 29*)

An Act to amend the Bank Act (*Bill C-30 Chapter No. 30*)

An Act to amend the Financial Administration Act in relation to Crown corporations and to amend other Acts in consequence thereof (*Bill C-24 Chapter No. 31*)

An Act to implement a convention between Canada and the United Kingdom of Great Britain and Northern Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (*Bill C-51 Chapter No. 32*)

An Act to amend the Public Service Superannuation Act (*Bill C-54 Chapter No. 33*)

An Act to establish a National Park on the Mingan Archipelago (*Bill C-53 Chapter No. 34*)

An Act to implement conventions between Canada and the Republic of Tunisia, Canada and the People's Republic of Bangladesh, Canada and the United Republic of Cameroon and Canada and the Democratic Socialist Republic of Sri Lanka, an agreement between Canada and Kenya and conventions between Canada and the Arab Republic of Egypt, Canada and the Republic of the Ivory Coast and Canada and Sweden for the avoidance of double taxation with respect to income tax (*Bill S-11, Chapter No. 35*)

An Act to grant access to records of the Special Committee on the Defence of Canada Regulations (*Bill C-252, Chapter No. 36*)

An Act to establish the Canadian Institute for International Peace and Security (*Bill C-32, Chapter No. 37*)

An Act to amend the Western Grain Stabilization Act (*Bill C-33, Chapter No. 38*)

An Act to amend the Canada Labour Code and the Financial Administration Act (*Bill C-34, Chapter No. 39*)

An Act to correct certain anomalies, inconsistencies, archaisms and errors and to deal with other matters of a non-controversial and uncomplicated nature in the Statutes of Canada (*Bill C-58, Chapter No. 40*)

An Act to revive Stadacona Mines (1944) Limited and to provide for its continuance under the Canada Business Corporations Act (*Bill S-16*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

Hon. William J. Petten: Honourable senators, before I move that the Senate adjourn, on behalf of the leader and the deputy leader I wish all senators on both sides of the house and the staff of the Senate a very pleasant summer. I hope to see you all back again in the fall.

Honourable senators, I move the Senate do now adjourn.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, on the motion to adjourn, may I say that the Acting Leader of the Government has spoken for the opposition as well.

Hon. Senators: Hear, hear.

The Senate adjourned until Monday, September 17, 1984, at 8 p.m.

The Thirty-second Parliament was dissolved by Proclamation of Her Excellency the Governor General on Monday, July 9, 1984

ABBREVIATIONS

1r, 2r, 3r	=	first, second, third reading
amdt	=	amendment
com	=	committee
div	=	division
m	=	motion
neg	=	negatived
qu	=	question
ref	=	referred
rep	=	report
r.a.	=	Royal Assent

Acts passed during the Session

PUBLIC ACTS

Chapter		*Bill No.*
	Assented to January 19, 1984	
1	Income Tax Act amendment	C-2
	Assented to February 23, 1984	
2	British Columbia Indian Cut-off Lands Settlement Act	C-18
	Assented to March 29, 1984	
3	Appropriation Act No. 4, 1983-84	C-27
4	Appropriation Act No. 1, 1984-85	C-28
	Assented to April 5, 1984	
5	Borrowing Authority Act, 1984-85	C-21
	Assented to April 17, 1984	
6	Canada Health Act	C-3
	Assented to June 7, 1984	
7	Prairie Grain Advance Payments Act amendment	C-23
8	Coastal Fisheries Protection Act amendment	C-4
9	Currency and Exchange Act amendment	C-11
10	Yukon Quartz Mining Act amendment	C-44
11	Skagit River Valley Treaty Implementation Act	C-41
12	Asia-Pacific Foundation of Canada Act	C-42
13	Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 amendment	C-12
14	Electoral Boundaries Readjustment Act (Hull)	C-205
15	Senate and House of Commons Act amendment	C-241
16	Appropriation Act No. 2, 1984-85	C-45
	Assented to June 14, 1984	
17	Customs and Excise Offshore Application Act	C-16
18	Cree-Naskapi (of Quebec) Act	C-46
19	War Veterans Allowance Act, Civilian War Pensions and Allowances Act amendment	C-39
	Assented to June 28, 1984	
20	Canada-United States Tax Convention Act	S-14
21	Canadian Security Intelligence Service Act	C-9
22	Customs Tariff Act amendment	C-7
23	Radiation Emitting Devices Act amendment	C-5

Acts passed during the Session—*Cont'd*

PUBLIC ACTS—*Cont'd*

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24	Western Arctic (Inuvialuit) Claims Settlement Act	C-4
25	Special Import Measures Act	C-8
26	National Housing Act amendment	C-3
27	Old Age Security Act amendment	C-4
28	National Flag of Canada Manufacturing Standards Act	C-2
	Assented to June 29, 1984	
29	Canada-Nova Scotia Oil and Gas Agreement Act	C-4
30	Bank Act amendment	C-3
31	Financial Administration Act amendment	C-3
32	Canada-United Kingdom Civil and Commercial Judgments Convention Act 1984	C-5
33	Public Service Superannuation Act amendment	C-5
34	Mingan Archipelago National Park Act	C-5
35	Income Tax Conventions Act	S-1
36	Defence of Canada Regulations Act	C-2
37	Canadian Institute for International Peace and Security Act	C-3
38	Western Grain Stabilization Act amendment	C-3
39	Canada Labour Code and Financial Administration Act amendment	C-3
40	Miscellaneous Statute Law Amendment Act 1984	C-5

LOCAL AND PRIVATE ACTS

(For chapter numbers see Statutes of Canada, 1984)

	Assented to April 5, 1984	
	United Grain Growers Limited Act amendment	S-1
	Assented to April 17, 1984	
	Marriage Law Exemption Act (Gerald Harvey Fudge and Audrey Marie Saunders)	S-2
	Marriage Law Exemption Act (Louis Philippe Nadeau and Marie Thérèse Rita Brulé)	S-3
	Marriage Law Exemption Act (Ernest Hodel and Norma Dora Laurie)	S-4
	Marriage Law Exemption Act (Benjamin Josheph Andrade and Heather Winnifred Andrade)	S-5
	Marriage Law Exemption Act (Juan Andrade and Emilia Rodriguez)	S-6
	Marriage Law Exemption Act (Henri Patry and Aldéa Béa Pitt)	S-7
	Marriage Law Exemption Act (Joseph Roland Réjean Daoust and Marie Lise Sylvie Girard)	S-8
	Marriage Law Exemption Act (Pearl Kim Lee and Thomas Siegfried Wieland)	S-9
	Assented to June 29, 1984	
	Stadacona Mines (1944) Limited Act	S-1

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STATUS OF LEGISLATION AT DISSOLUTION

GOVERNMENT BILLS (SENATE)

BILL S-11.

Income tax, An Act to implement conventions between Canada and the Republic of Tunisia, Canada and the People's Republic of Bangladesh, Canada and the United Republic of Cameroon and Canada and the Democratic Socialist Republic of Sri Lanka, an agreement between Canada and Kenya and conventions between Canada and the Arab Republic of Egypt, Canada and the Republic of the Ivory Coast and Canada and Sweden for the avoidance of double taxation with respect to

First reading, March 27, 1984. Second reading and referral to the Standing Senate Committee on Banking, Trade and Commerce, April 4. Report from committee (with one amendment); adoption of report and third reading, May 24. Passed by the House of Commons, June 29. Royal Assent, June 29. *Chapter 35.*

BILL S-12.

Shipping Conferences Exemption Act, 1979, An Act to amend the

First reading, March 27, 1984. Second reading and referral to the Standing Senate Committee on Banking, Trade and Commerce, April 17.

BILL S-14.

Canada-United States Tax Convention Act, 1984

First reading, May 24, 1984. Second reading and referral to the Standing Senate Committee on Banking, Trade and Commerce, May 30. Report from committee (without amendment), June 5. Third reading, June 6. Passed by the House of Commons, June 22. Royal Assent, June 28. *Chapter 20.*

GOVERNMENT BILLS (HOUSE OF COMMONS)

BILL C-2.

Income tax Act, An Act to amend the

First reading, December 21, 1983. Second reading and referral to the Standing Senate Committee on Banking, Trade and Commerce, January 16, 1984. Report from committee (without amendment); third reading and Royal Assent, January 19. *Chapter 1.*

BILL C-3.

Canada Health Act

(a) Subject-matter of Bill referred to the Standing Senate Committee on Social Affairs, Science and Technology, March 20, 1984. Report from committee, April 11.

(b) First reading, April 10, 1984. Second reading and referral to the Standing Senate Committee on Social Affairs, Science and Technology, April 12. Report from committee (without amendment); third reading and Royal Assent, April 17. *Chapter 6.*

BILL C-4.

Coastal Fisheries Protection Act

First reading, May 22, 1984. Second reading, May 24. Third reading, May 29. Royal Assent, June 7. *Chapter 8.*

BILL C-5.

Radiation Emitting Devices Act, An Act to amend the

First and second readings; referral to the Standing Senate Committee on Social Affairs, Science and Technology, June 27, 1984. Report from committee (without amendment); third reading and Royal Assent, June 28. *Chapter 23.*

BILL C-7.

Customs Tariff, An Act to amend the

First, second and third readings, June 27, 1984. Royal Assent, June 28. *Chapter 22.*

BILL C-8.

Special Import Measures Act

First and second readings; referral to the Standing Senate Committee on Banking, Trade and Commerce, June 27, 1984. Report from committee (without amendment); third reading and Royal Assent, June 28. *Chapter 25.*

BILL C-9.

Canadian Security Intelligence Service Act

First reading, June 25, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, June 26. Report from committee (without amendment) and third reading, June 27. Royal Assent, June 28. *Chapter 21.*

BILL C-11.

Currency and Exchange Act, An Act to amend the

First reading, May 24, 1984. Second reading, May 29. Third reading, May 30. Royal Assent, June 7. *Chapter 9.*

BILL C-12.

Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, An Act to amend the

First reading, April 12, 1984. Second reading and referral to the Standing Senate Committee on National Finance, May 29. Report from committee (without amendment), June 5. Third reading, June 6. Royal Assent, June 7. *Chapter 13.*

BILL C-13.

Royal Mounted Police Act, An Act to amend the

Subject-matter of Bill referred to the Standing Senate Committee on Legal and Constitutional Affairs, April 17, 1984.

BILL C-16.

Customs and Excise Offshore Application Act

First reading, May 24, 1984. Second reading and referral to the Standing Senate Committee on Banking, Trade and Commerce, May 31. Report from committee (without amendment), June 12. Third reading, June 13. Royal Assent, June 14. *Chapter 17.*

BILL C-18.

British Columbia Indian Cut-off Lands Settlement Act

First and second readings, February 21, 1984. Third reading and Royal Assent, February 23. *Chapter 2.*

BILL C-21.

Borrowing Authority Act, 1984-85

First reading, April 3, 1984. Second reading and referral to the Standing Senate Committee on National Finance, April 4. Report from committee (without amendment); third reading and Royal Assent, April 5. *Chapter 5.*

BILL C-23.

Prairie Grain Advance Payments Act

First reading, May 22, 1984. Second reading, May 23. Third reading, May 24. Royal Assent, June 7. *Chapter 7.*

BILL C-24.

Financial Administration Act in relation to Crown corporations and to amend other Acts in consequence thereof, An Act to amend the

First, second and third readings, Royal Assent, June 29, 1984. *Chapter 31.*

BILL C-27.

Appropriation Act, No. 4, 1983-84

First reading, March 27, 1984. Second and third readings, March 28. Royal Assent, March 29. *Chapter 3.*

First reading, March 27, 1984. Second and third readings, March 28. Royal Assent, March 29. *Chapter 3.*

BILL C-28.

Appropriation Act, No. 1, 1984-85

First reading, March 27, 1984. Second and third readings, March 28. Royal Assent, March 29. *Chapter 4.*

BILL C-30.

Bank Act, An Act to amend the

First, second and third readings, Royal Assent, June 29, 1984. *Chapter 30.*

BILL C-32.

Canadian Institute for International Peace and Security, An Act to establish the

First and second readings, June 28, 1984. Third reading and Royal Assent, June 29. *Chapter 37.*

BILL C-33.

Western Grain Stabilization Act, An Act to amend the

First and second readings, June 28, 1984. Third reading and Royal Assent, June 29. *Chapter 38.*

BILL C-34.

Canada Labour Code and the Financial Administration Act, An Act to amend the

First and second readings, June 28, 1984. Third reading and Royal Assent, June 29. *Chapter 39.*

BILL C-37.

National Housing Act, An Act to amend the

First reading, June 25, 1984. Second reading and referral to the Standing Senate Committee on Social Affairs, Science and Technology, June 26. Report from committee (without amendment), June 27. Third reading and Royal Assent, June 28. *Chapter 26.*

BILL C-39.

War Veterans Allowance Act

First reading, June 12, 1984. Second reading, June 13. Third reading and Royal Assent, June 14. *Chapter 19.*

BILL C-40.

Old Age Security Act, An Act to amend the

First reading, June 25, 1984. Second reading and referral to the Standing Senate Committee on Social Affairs, Science and Technology, June 26. Report from committee (without amendment), June 27. Third reading and Royal Assent, June 28. *Chapter 27.*

BILL C-41.

Skagit River Valley Treaty Implementation Act
First reading, June 4, 1984. Second reading, June 5. Third reading, June 6. Royal Assent, June 7. *Chapter 11.*

BILL C-42.

Asia-Pacific Foundation of Canada Act
First reading, June 4, 1984. Second reading, June 5. Third reading, June 6. Royal Assent, June 7. *Chapter 12.*

BILL C-43.

Canada-Nova Scotia Oil and Gas Agreement Act
First, second and third readings, Royal Assent, June 29, 1984. *Chapter 29.*

BILL C-44.

Yukon Quartz Mining Act, An Act to amend the
First reading, June 4, 1984. Second reading, June 5. Third reading, June 6. Royal Assent, June 7. *Chapter 10.*

BILL C-45.

Appropriation Act, No. 2, 1984-85
First reading, June 5, 1984. Second reading, June 6. Third reading and Royal Assent, June 7. *Chapter 16.*

BILL C-46.

Cree-Naskapi (of Quebec) Act
First reading, June 12, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs; report from committee (without amendment) and third reading, June 13. Royal Assent, June 14. *Chapter 18.*

BILL C-47.

Indian Act, An Act to amend the
First reading, June 29, 1984.

BILL C-49.

Western Arctic (Inuvialuit) Claims Settlement Act
First and second readings; referral to the Standing Senate Committee on Social Affairs, Science and Technology, June 27, 1984. Report from committee (without amendment); third reading and Royal Assent, June 28. *Chapter 24.*

BILL C-51.

Canada-United Kingdom Civil and Commercial Judgments Convention Act, 1984
First, second and third readings, Royal Assent, June 29, 1984. *Chapter 32.*

BILL C-53.

National Park on the Mingan Archipelago, An Act to establish a
First, second and third readings, Royal Assent, June 29, 1984. *Chapter 34.*

BILL C-54.

Public Service Superannuation Act, An Act to amend the
First, second and third readings, Royal Assent, June 29, 1984. *Chapter 33.*

BILL C-58.

Miscellaneous Statute Law Amendment Act, 1984
First, second and third readings; Royal Assent, June 29, 1984. *Chapter 40.*

SENATORS' PUBLIC BILLS

BILL S-13.

Marriage Act, Prohibited Degrees of (Senator Stanbury)
First reading, April 3, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, April 5.

MEMBERS' PUBLIC BILLS (HOUSE OF COMMONS)

BILL C-205

Electoral district of Hull, An Act to change the name of the (Mr. Isabelle)
First reading, May 8, 1984. Second reading, May 9. Third reading, May 22. Royal Assent, June 7. *Chapter 14.*

BILL C-234.

National Flag of Canada, An Act to establish standards for the manufacture of the (Mr. McKinnon)
First reading, June 25, 1984. Second and third readings, June 27. Royal Assent, June 28. *Chapter 28.*

BILL C-241.

Senate and House of Commons Act, An Act to amend the (Mr. Nickerson)

First reading, June 4, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, June 5. Report from committee (without amendment); third reading and Royal Assent, June 7. *Chapter 15.*

BILL C-252.

Defence of Canada Regulations, An Act to grant access to records of the Special Committee on the (Mr. Reid, Kenora-Rainy River)

First, second and third readings, Royal Assent, June 29, 1984. *Chapter 36.*

PRIVATE BILLS (SENATE)

BILL S-2.

Marriage in the case of Gerald Harvey Fudge and Audrey Marie Saunders, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, December 20, 1983. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, February 9, 1984. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-3.

Marriage in the case of Louis Philippe Nadeau and Marie Thérèse Rita Brulé, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, December 20, 1983. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, February 9, 1984. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-4.

Marriage in the case of Ernest Hodel and Norma Dora Laurie, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, December 20, 1983. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, February 9, 1984. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-5.

Marriage in the case of Benjamin Josheph Andrade and Heather Winnifred Andrade, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, December 20, 1983. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, February 9, 1984. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-6.

Marriage in the case of Juan Andrade and Emilia Rodriguez, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, February 21, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, February 23. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-7.

Marriage in the case of Henri Patry and Aldéa Béa Pitt, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, February 21, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, February 23. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-8.

Marriage in the case of Joseph Roland Réjean Daoust and Marie Lise Sylvie Girard, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, March 6, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, March 8. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-9.

Marriage in the case of Pearl Kim Lee and Thomas Siegfried Wieland, An Act to provide an exemption from the public general law relating to (Senator Leblanc)

First reading, March 6, 1984. Second reading and referral to the Standing Senate Committee on Legal and Constitutional Affairs, March 8. Report from committee (without amendment), April 3. Third reading, April 4. Passed by the House of Commons, April 12. Royal Assent, April 17.

BILL S-10.

United Grain Growers Limited, An Act to amend the Act of incorporation of (Senator Molgat)

First and second readings; referral to the Standing Senate Committee on Banking, Trade and Commerce, March 15, 1984. Report from committee (without amendment); third reading, March 28. Passed by the House of Commons and Royal Assent, April 5.

BILL S-15.

Wesleyan Church of Canada, An Act to provide for the creation by amalgamation of The (Senator Stanbury)

First and second readings; referral to the Standing Senate Committee on Legal and Constitutional Affairs May 30, 1984. Report from committee (without amendment) and, third reading, June 7. Passed by the House of Commons, June 8. Royal Assent, June 14.

BILL S-16.

Stadacona Mines (1944) Limited, An Act to revive and to provide for its continuance under the Canada Business Corporations Act (Senator Asselin, P.C.)

First and second readings; referral to the Standing Senate Committee on Legal and Constitutional Affairs, June 13, 1984. Report from committee (without amendment) and third reading, June 25. Passed by the House of Commons, June 28. Royal Assent, June 29.