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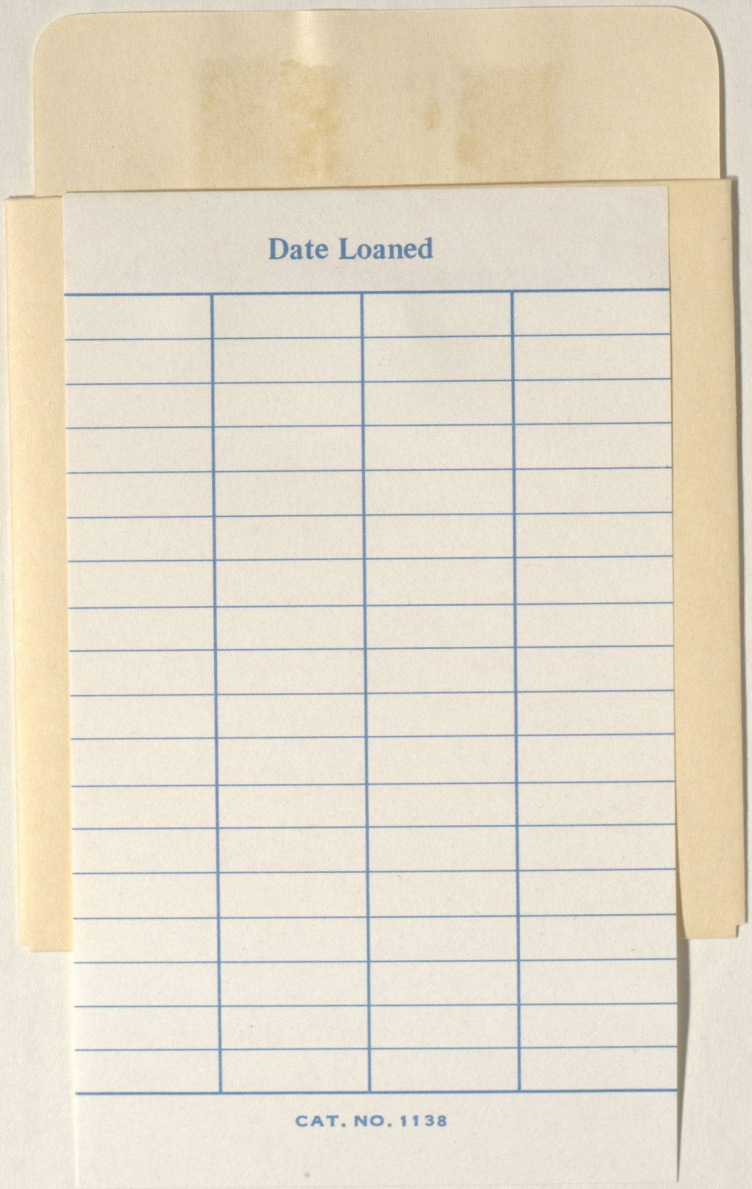
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Minutes of the Proceedings of the Senate

No. 91

Tuesday, 14th September, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Bourget,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Madawaska-Restigouche*),
Gouin,
Haig,
Hastings,
Hayden,
Inman,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Lang,
Lefrançois
Macdonald,
Manning,
Martin,
McDonald,
McElman,
McNamara,
Méthot,
Molson,
Nichol,
O'Leary,
Petten,
Phillips,
Quart,
Rattenbury,
Robichaud,
Smith,
Sparrow,
Stanbury,
Sullivan,
Thompson,
Walker,
Welch,
Yuzyk.

PRAYERS.

Tribute was paid to the memory of the Honourable Senator Urquhart whose death occurred August 17, 1971.

A Message was brought from the House of Commons by their Clerk in the following words:—

WEDNESDAY, June 30, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the name of Mr. Foster has been substituted for that of Mr. Roy (Timmins) on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of operations under the *Civil Service Insurance Act* for the fiscal year ended March 31, 1971, pursuant to section 21(2) of the said Act, Chapter 49, R.S.C., 1952.

Revised Capital Budget of Central Mortgage and Housing Corporation for the year ending December 31, 1971, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1971-1237, dated June 23, 1971.

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1971, pursuant to section 20(1) of the *Atomic Energy Control Act,* Chapter A-19, R.S.C., 1970.

Copies of four contracts between the Government of Canada and various municipalities in Manitoba, New Brunswick and British Columbia for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act,* Chapter R-9, R.S.C., 1970. (English text).

Report of operations under the *Crop Insurance Act* for the fiscal year ended March 31, 1971, pursuant to section 13 of the said Act, Chapter C-36, R.S.C., 1970.

Revised Capital Budget of the National Capital Commission for the fiscal year ended March 31, 1971, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1971-1153, dated June 10, 1971.

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1971, pursuant to section 119(1) of the *Bank Act,* Chapter B-1, R.S.C., 1970.

Report of the Fisheries Research Board of Canada for the year ended December 31, 1970, pursuant to section 12 of the *Fisheries Research Board Act,* Chapter F-24, R.S.C., 1970.

Report on proceedings under the *Canada Labour (Standards) Code* for the fiscal year ended March 31, 1971, pursuant to section 75 of the *Canada Labour Code,* Chapter L-1, R.S.C., 1970.

Statement of expenditures and financial commitments made under the *Veterans' Land Act* for the fiscal year ended March 31, 1971, pursuant to section 49 of the said Act, Chapter V-4, R.S.C., 1970.

Report of operations under the *Fisheries Improvement Loans Act* for the fiscal year ended March 31, 1971, pursuant to section 12(2) of the said Act, Chapter F-22, R.S.C., 1970.

White Paper entitled "Defence in the 70s", dated August 1971, issued by the Department of National Defence.

Copies of a Report entitled "It's Your Turn", dated July 1971, prepared by the Committee on Youth (David Hunter, Chairman).

Report on the operation of the *Regional Development Incentives Act* and on "Special Area" incentives for the months of June and July 1971, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, July 14, July 28, August 11, August 25 and September 8, 1971, pursuant to section 7 of the *Regulations Act,* Chapter R-5, R.S.C., 1970.

Report on the state of the Unemployment Insurance Fund as at March 31, 1971, and of the transactions under section 86 of the *Unemployment Insurance Act* for the fiscal year ended March 31, 1971, pursuant to section 87 of the said Act, Chapter U-2, R.S.C., 1970.

Report of the Standards Council of Canada for the fiscal year ended March 31, 1971, including its financial statement certified by the Auditor General, pursuant to section 20 of the *Standards Council of Canada Act,* Chapter 41 (1st Supp.), R.S.C., 1970.

Report on the operation of the *Regional Development Incentives Act* and on "Special Area" incentives for the month of August 1971, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Copies of excerpts from a White House Briefing Paper on the recent statement by the President of the United States respecting a wage-price freeze and a temporary import surcharge, together with copies of a statistical summary of Canadian exports subject to the United States surcharge.

Consolidated Index and Table of Statutory Orders and Regulations published in the *Canada Gazette,* Part II, for the period January 1, 1955 to June 30, 1971.

Minutes of Proceedings of the Royal Society of Canada, 1970, together with financial statements, certified by the Auditors for the year ended February 28, 1971, pursuant to section 9 of *An Act to incorporate the Royal Society of Canada*, Chapter 46, Statutes of Canada, 1883, and a brief history of the Society, and the 1970-1971 Calendar. (English text).

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 22 of the *National Museums Act*, Chapter N-12, R.S.C., 1970.

Report of the National Arts Centre Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1970, pursuant to section 17 of the *National Arts Centre Act*, Chapter N-2, R.S.C., 1970.

Report of the Company of Young Canadians, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 25 of the *Company of Young Canadians Act*, Chapter C-26, R.S.C., 1970.

Report of expenditures and administration in connection with the *Youth Allowances Act* for the fiscal year ended March 31, 1971, pursuant to section 13 of the said Act, Chapter Y-1, R.S.C., 1970.

Report of expenditures and administration in connection with the *Family Allowances Act* for the fiscal year ended March 31, 1971, pursuant to section 14 of the said Act, Chapter F-1, R.S.C., 1970.

Report of expenditures and administration in connection with the *Old Age Security Act* for the fiscal year ended March 31, 1971, pursuant to section 26 of the said Act, Chapter O-6, R.S.C., 1970.

Report of the President of the Medical Research Council, including accounts and financial statement certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 17 of the *Medical Research Council Act*, Chapter M-9, R.S.C., 1970.

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Summary of 1971 Tax Reform Legislation issued by the Minister of Finance.

With leave of the Senate,

The Honourable Senator Hayden moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Hayden:

That the name of the Honourable Senator Laird be added to the list of Senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The question being put on the motion, it was—

Resolved in the affirmative.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Fergusson:

That the Standing Senate Committee on Foreign Affairs have power to sit during adjournments of the Senate of more than one week.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

The Order of the Day being called for the third reading of the Bill S-20, intituled: "An Act to amend the Criminal Code (Jury Service for Women)",

It was—

Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.

It was—

Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—

Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate and that it do stand in the name of the Honourable Senator Martin, P.C.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator McDonald,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 15th September, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

By the Honourable Senator Martin, P.C.:

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

For Tuesday, 21st September, 1971.

By the Honourable Senator Laird:

14th September—That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

Orders of the Day

Wednesday, 15th September, 1971

No. 1.

30th June—Third reading of the Bill S-20, intituled: "An Act to amend the Criminal Code (Jury Service for Women)".—(*Honourable Senator Fergusson*).

No. 2.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator Desruisseaux*).

No. 3.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 4.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator Martin, P.C.*).

No. 6.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.—(*Honourable Senator Hays, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, SEPTEMBER 15, 1971	
256–S	Banking, Trade and Commerce (*Bill S–22, "An Act to incorporate United Bank of Canada".*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 92

Wednesday, 15th September, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Bourget,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Madawaska-Restigouche*),
Gouin,
Haig,
Hastings,
Hayden,
Inman,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Lang,
Lefrançois,
Macdonald,
Manning,
Martin,
McDonald,
McNamara,
Méthot,
Michaud,
Molson,
Nichol,
O'Leary,
Prowse,
Quart,
Rattenbury,
Robichaud,
Smith,
Sparrow,
Sullivan,
Thompson,
Walker,
Welch,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the financial statements of the Board, for the fiscal year ended March 31, 1971, pursuant to section 15 of the *Queen Elizabeth II Canadian Research Fund Act*, Chapter Q-1, R.S.C., 1970.

Copies of a communiqué issued by the Canadian Wheat Board, dated September 14, 1971, respecting the sale of wheat to the People's Republic of China.

Pursuant to the Order of the Day, the Honourable Senator Fergusson moved, seconded by the Honourable Senator Inman, that the Bill S-20, intituled: "An Act to amend the Criminal Code (Jury Service for Women)", be read the third time.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the third time and passed.

Ordered, That the Clerk do go down to the House of Commons and acquaint that House that the Senate have passed this Bill to which they desire their concurrence.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing, entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.

After debate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Bourget, P.C., that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.

After debate,
The Honourable Senator McNamara moved, seconded by the Honourable Senator Duggan, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 16th September, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRY

For Tuesday, 28th September, 1971.

By the Honourable Senator Desruisseaux:

15th September—That he will call the attention of the Senate to observations made in the Report of the Auditor General for the year ended March 31, 1970.

MOTION

By the Honourable Senator Martin, P.C.:

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

For Tuesday, 21st September, 1971.

By the Honourable Senator Laird:

14th September—That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

Orders of the Day

Thursday, 16th September, 1971

No. 1.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 2.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 3.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McNamara*).

No. 5.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour

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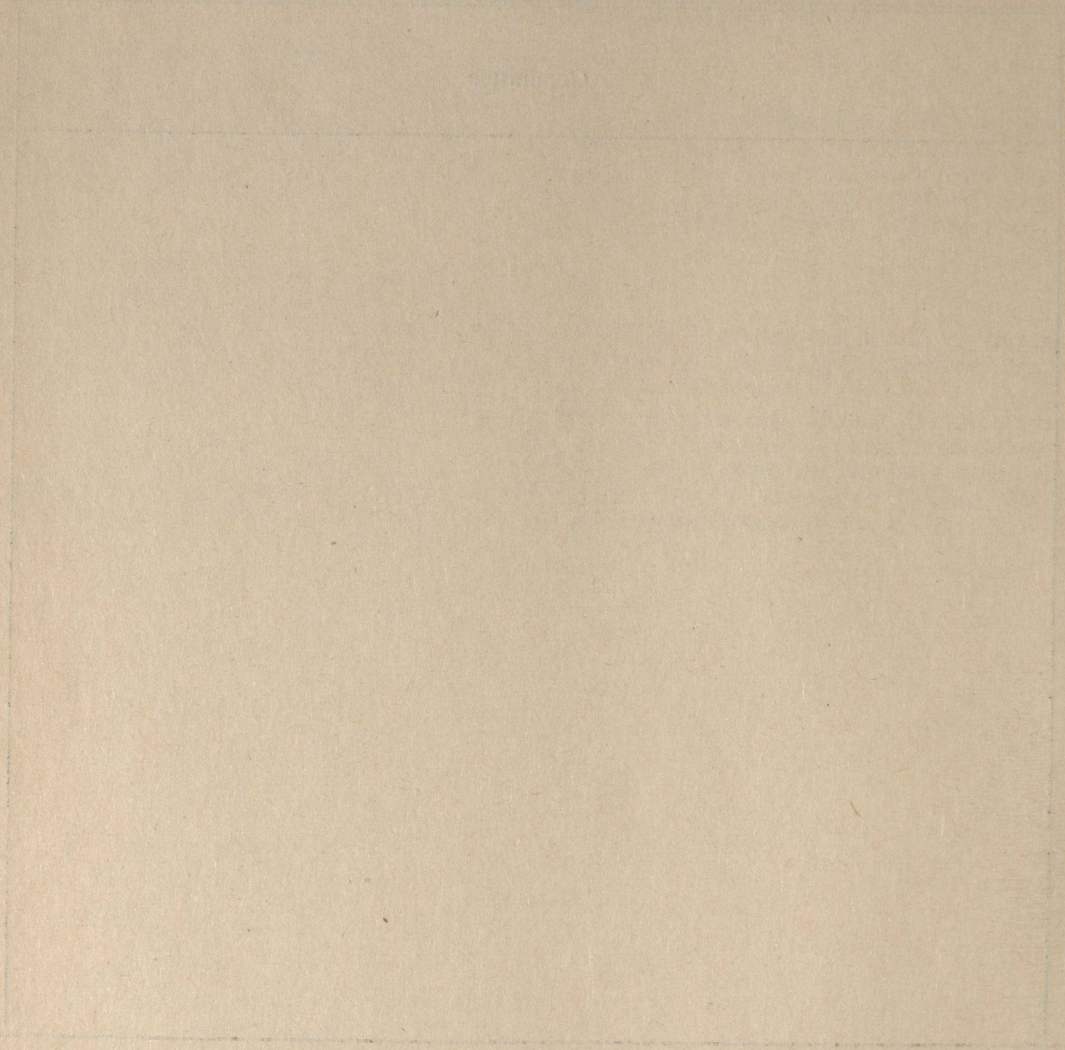

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Minutes of the Proceedings of the Senate

No. 93

Thursday, 16th September, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Bourget,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Haig,
Hastings,
Hayden,
Inman,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Lefrançois,
Macdonald,
Martin,
McDonald,
McElman,
McNamara,
Méthot,
Molson,
O'Leary,
Phillips,
Prowse,
Quart,
Rattenbury,
Robichaud,
Smith,
Sullivan,
Thompson,
Walker,
Welch,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of Agreement dated August 11, 1971, between the Government of Canada and the Province of Alberta under the *Agricultural and Rural Development Act* (*ARDA*), Chapter A-4, R.S.C., 1970. (English text).

Copies of joint communiqué issued following the Sixth Meeting of the Canada-Japan Ministerial Committee, held at Toronto, September 13 and 14, 1971.

With leave of the Senate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit during adjournments of the Senate of more than one week.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That when the Senate adjourns today, it do stand adjourned until Monday, 4th October, 1971, at eight o'clock in the evening.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

A motion standing in the name of the Honourable Senator Martin, P.C., being called,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.

After debate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Fergusson, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator McDonald,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Monday, 4th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRY

By the Honourable Senator Desruisseaux:

15th September—That he will call the attention of the Senate to observations made in the Report of the Auditor General for the year ended March 31, 1970.

MOTIONS

By the Honourable Senator Martin, P.C.:

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

By the Honourable Senator Laird:

14th September—That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

For Tuesday, 5th October, 1971.

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

Orders of the Day

Monday, 4th October, 1971

No. 1.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 2.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 3.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 4.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 5.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	TUESDAY, SEPTEMBER 21, 1971	
253–D	Constitution of Canada (*In Camera*)	9.30 a.m.
	WEDNESDAY, SEPTEMBER 22, 1971	
356–S	Foreign Affairs (*The Hon. Jean-Luc Pepin, Minister of Industry, Trade and Commerce*)	4.00 p.m.
	THURSDAY, SEPTEMBER 23, 1971	
356–S	Constitution of Canada (*In Camera*)	9.30 a.m.
	FRIDAY, SEPTEMBER 24, 1971	
253–D	Constitution of Canada (*In Camera*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 94

Wednesday, 29th September, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Benidickson,
Blois,
Bourget,
Burchill,
Carter,
Choquette,
Connolly
(*Ottawa West*),
Cook,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Gélinas,
Gouin,
Grosart,
Haig,
Hayden,
Lafond,
Laird,
Lang,
Langlois,
Lawson,
Lefrançois,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Méthot,
Molgat,
Molson,
O'Leary,
Paterson,
Petten,
Prowse,
Quart,
Robichaud,
Smith,
Sparrow,
Stanbury,
Sullivan,
Thompson,
Walker,
White.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

WEDNESDAY, September 15, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the names of Messrs. Matte and Rowland have been substituted for those of Messrs. Laprise and Saltsman on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

A Message was brought from the House of Commons by their Clerk in the following words:—

THURSDAY, September 23, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the name of Mr. Laprise has been substituted for that of Mr. Matte on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

A Message was brought from the House of Commons by their Clerk with a Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect", to which they desire the concurrence of the Senate.

The Bill was read the first time.

With leave of the Senate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that the Bill be placed on the Orders of the Day for a second reading at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

A Message was brought from the House of Commons by their Clerk with a Bill C-243, intituled: "An Act to amend the Judges Act and the Financial Administration Act", to which they desire the concurrence of the Senate.

The Bill was read the first time.

With leave of the Senate,
The Honourable Senator Cook moved, seconded by the Honourable Senator Lang, that the Bill be read the second time now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Cook moved, seconded by the Honourable Senator Laird, that the Bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of the "Canada Year Book, 1970-71".

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 47 of the *Broadcasting Act,* Chapter B-11, and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Copies of Ordinances, Chapters 1 to 22 inclusive, passed by the Council of the Northwest Territories at its 1971 Second Session, pursuant to section 16(1) of the *Northwest Territories Act,* Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1971-1869, dated September 1, 1971, approving same. (English text).

Copy of Table of Public Ordinances of the Northwest Territories—1956-1971 (Second Session), together with copy of Table of Ordinances or parts thereof that are required to be brought into force by order of the Commissioner. (English text).

Report of the Solicitor General of Canada for the fiscal year ended March 31, 1971, pursuant to section 5 of the *Department of the Solicitor General Act,* Chapter S-12, R.S.C., 1970.

Report of the International Development Research Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 22 of the *International Development Research Centre Act,* Chapter 21 (1st Supplement), R.S.C., 1970.

Copies of communiqué issued following the Ministerial Meeting of the Group of Ten held in London, September 15-16, 1971, together with copies of statement thereon by the Minister of Finance.

Copies of a letter, dated September 2, 1971, addressed to the Prime Minister of Canada by the Premier of Quebec respecting family and youth allowances. (French text).

Report of the Economic Council of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 21(1) of the *Economic Council of Canada Act*, Chapter E-1, and section 75(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of operations under the *Farm Improvement Loans Act* for the year ended December 31, 1970, pursuant to section 13 of the said Act, Chapter F-3, R.S.C., 1970.

Report on the administration of the *Small Businesses Loans Act* for the year ended December 31, 1970, pursuant to section 11 of the said Act, Chapter S-10, R.S.C., 1970.

Copies of a letter, dated September 17, 1971, addressed by the Prime Minister of Canada to the Premier of Quebec respecting family allowances and social policy. (French text).

Report of the Director of Investigation and Research, *Combines Investigation Act*, for the fiscal year ended March 31, 1971, pursuant to section 49 of the said Act, Chapter C-23, R.S.C., 1970.

Report of the number and amount of Loans to Indians made under section 70(1) of the *Indian Act* for the fiscal year ended March 31, 1971, pursuant to section 70(6) of the said Act, Chapter I-6, R.S.C., 1970.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, September 22, 1971, pursuant to section 7 of the *Regulations Act*, Chapter R-5, R.S.C., 1970.

Report of the Unemployment Insurance Advisory Committee for the fiscal year ended March 31, 1971, pursuant to sections 89(1) and 90(2) of the *Unemployment Insurance Act*, Chapter U-2, R.S.C., 1970.

Copies of a letter, dated September 21, 1971, addressed by the Prime Minister of Canada to Professor André Raynauld, University of Montreal, with respect to his appointment as Chairman of the Economic Council of Canada.

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 32 of the *Saltfish Act*, Chapter 37 (1st Supplement), and section 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Copies of a statement of the effect of placing certain cotton yarns on the Import Control List under authority of section 5 of the *Export and Import Permits Act*, Chapter E-17, R.S.C., 1970.

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Thursday, 30th September, 1971, and that Rule 76(4) be suspended in relation thereto.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until Thursday, 14th October, 1971.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 30th September, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

By the Honourable Senator Desruisseaux:

15th September—That he will call the attention of the Senate to observations made in the Report of the Auditor General for the year ended March 31, 1970.

For Monday, 4th October, 1971.

By the Honourable Senator Forsey:

29th September—That he will call the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.

MOTIONS

No. 1.

By the Honourable Senator Martin, P.C.:

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

No. 2.

By the Honourable Senator Laird:

14th September—That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

For Tuesday, 5th October, 1971.

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

Orders of the Day

Thursday, 30th September, 1971

No. 1.

29th September—Second reading of the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect".—(*Honourable Senator Martin, P.C.*).

No. 2.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 3.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 4.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 5.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 14th October, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, SEPTEMBER 30, 1971	
356–S	Banking, Trade and Commerce (*Discussion of Tax Reform Legislation, 1971*)	9.30 a.m.
263–S	Legal and Constitutional Affairs (*Bill C–243 "An Act to amend the Judges Act and the Financial Administration Act"*)	10.00 a.m.
307 W.B.	Constitution of Canada (In Camera) (*Consideration of Draft Report*)	9.30 a.m. 3.30 p.m.
	FRIDAY, OCTOBER 1, 1971	
307 W.B.	Constitution of Canada (In Camera) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 95

Thursday, 30th September, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Benidickson,
Blois,
Bourget,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Davey,
Denis,
Deschatelets,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Gélinas,
Gouin,
Grosart,
Haig,
Hayden,
Lafond,
Laird,
Lamontagne,
Lang,
Langlois,
Lawson,
Lefrançois,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Méthot,
Molgat,
Molson,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Robichaud,
Smith,
Sparrow,
Stanbury,
Sullivan,
Walker,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

TUESDAY, September 28, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the name of Mr. Peters has been substituted for that of Mr. Gleave on the Joint Committee of the Senate and House of Commons on the Parliamentary Restaurant.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Langlois laid on the Table the following:—

Errata to the Report on the operations of the Exchange Fund Account for the year ended December 31, 1970, which was tabled in the Senate June 1, 1971.

The Honourable Senator Prowse, Acting Chairman, from the Standing Senate Committee on Legal and Constitutional Affairs to which was referred the Bill C-243, intituled: "An Act to amend the Judges Act and the Financial Administration Act", reported that it had examined the said Bill and had directed him to report the same to the Senate, without amendment.

With leave of the Senate,
The Honourable Senator Prowse moved, seconded by the Honourable Senator Carter, that the Bill be read the third time now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the third time and passed.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill, without amendment.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until Monday next, 4th October, 1971, at eight o'clock in the evening.

The question being put on the motion, it was—
Resolved in the affirmative.

A motion standing in the name of the Honourable Senator Laird being called,

It was—
Ordered, That it be postponed until later this day.

Pursuant to the Order of the Day, the Honourable Senator Forsey moved, seconded by the Honourable Senator Lafond, that the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect", be read the second time.

After debate,
The Honourable Senator Choquette for the Honourable Senator Grosart moved, seconded by the Honourable Senator O'Leary, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave,
The Senate reverted to Motions.

Pursuant to order, the Honourable Senator Laird moved, seconded by the Honourable Senator Cook:
That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

After debate,
The Honourable Senator Choquette moved, seconded by the Honourable Senator Forsey, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Senate reverted to Orders of the Day.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Smith,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Monday, 4th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

No. 1.

By the Honourable Senator Desruisseaux:

15th September—That he will call the attention of the Senate to observations made in the Report of the Auditor General for the year ended March 31, 1970.

No. 2.

By the Honourable Senator Forsey:

29th September—That he will call the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.

MOTIONS

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

For Tuesday, 5th October, 1971.

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

Orders of the Day

Monday, 4th October, 1971

No. 1.

30th September—Resuming the debate on the motion of the Honourable Senator Forsey, seconded by the Honourable Senator Lafond, for the second reading of the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect".—(*Honourable Senator Grosart*).

No. 2.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Choquette*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 6.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 14th October, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	FRIDAY, OCTOBER 1, 1971	
307 W.B.	Constitution of Canada (In Camera) (*Consideration of Draft Report*).....	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 96

Monday, 4th October, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Benidickson,
Boucher,
Bourque,
Burchill,
Carter,
Choquette,
Connolly
(*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Gélinas,
Giguère,
Gouin,
Grosart,
Haig,
Hastings,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Langlois,
Lefrançois,
Manning,
Martin,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
Nichol,
O'Leary,
Paterson,
Prowse,
Quart,
Rattenbury,
Robichaud,
Smith,
Stanbury,
Sullivan,
Thompson,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copy of Ordinances passed by the Council of the Yukon Territory at its 1971 Second Session, pursuant to section 20(1) of the *Yukon Act*, Chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1971-1329, dated June 29, 1971, approving same. (English text).

Report on the administration of Part I of the *Royal Canadian Mounted Police Superannuation Act* for the fiscal year ended March 31, 1971, pursuant to section 26 of the said Act, Chapter R-11, R.S.C., 1970.

With leave of the Senate, and—
On motion of the Honourable Senator Desruisseaux, it was—

Ordered, That the inquiry standing in his name be withdrawn.

A motion standing in the name of the Honourable Senator Martin, P.C., being called,

It was—
Ordered, That it be postponed until Friday, 5th November, 1971.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Forsey, seconded by the Honourable Senator Lafond, for the second reading of the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect".

After debate,
The Honourable Senator O'Leary moved, seconded by the Honourable Senator Grosart, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 5th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

By the Honourable Senator Forsey:

29th September—That he will call the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.

For Wednesday, 6th October, 1971

By the Honourable Senator Grosart:

4th October—That he will call the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Tuesday, 5th October, 1971

No. 1.

30th September—Resuming the debate on the motion of the Honourable Senator Forsey, seconded by the Honourable Senator Lafond, for the second reading of the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect".—(*Honourable Senator O'Leary*).

No. 2.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Choquette*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 6.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 14th October, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	TUESDAY, OCTOBER 5, 1971	
356–S	Constitution of Canada (In Camera) (*Consideration of Draft Report*).....	9.30 a.m. 3.30 p.m.
Speaker's Chambers	Internal Economy, Budgets and Administration (*In Camera*).....	10.00 a.m.
	WEDNESDAY, OCTOBER 6, 1971	
256–S	Banking, Trade and Commerce (*Bill S–22 "An Act to incorporate United Bank of Canada", United Bank of Canada / Tax Reform Legislation, 1971: Canadian Chamber of Commerce*).....	9.30 a.m.
	THURSDAY, OCTOBER 7, 1971	
256–S	Banking, Trade and Commerce (*Discussion of Tax Reform Legislation, 1971*).....	9.30 a.m.
356–S	Constitution of Canada (In Camera) (*Consideration of Draft Report*).....	9.30 a.m.
	FRIDAY, OCTOBER 8, 1971	
356–S	Constitution of Canada (In Camera) (*Consideration of Draft Report*).....	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 97

Tuesday, 5th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Benidickson,
Boucher,
Bourque,
Burchill,
Carter,
Choquette,
Connolly
(*Ottawa West*),
Cook,
Croll,
Davey,
Denis,
Deschatelets,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Gélinas,
Giguère,
Gouin,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lefrançois,
Manning,
Martin,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
Nichol,
O'Leary,
Paterson,
Prowse,
Quart,
Rattenbury,
Robichaud,
Smith,
Stanbury,
Sullivan,
Thompson,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

The Honourable Senator Smith, from the Standing Committee on Internal Economy, Budgets and Administration tabled the following Report:—

TUESDAY, October 5, 1971

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures of the said Committee on National Finance with regard to its examination of the Estimates laid before Parliament for the fiscal year ending 31st March, 1972, and of the questions of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation, and referred by the Senate to the said Committee on National Finance for examination and report on 9th March, 1971 and 28th April, 1971, respectively. The said supplementary budget is as follows:

Salaries	$ 14,000
Printing of Committee Proceedings	30,500
Expenses of Witnesses	—500
Other Expenses and Contingencies	5,000
	$ 49,000

Respectfully submitted,

DONALD SMITH,
Chairman.

The Honourable Senator Smith, from the Standing Committee on Internal Economy, Budgets and Administration tabled the following Report:—

TUESDAY, October 5, 1971

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee on Banking, Trade and Commerce, with regard to its examination of 1971 Tax Reform Legislation matters, referred by the Senate to the said Committee on Banking, Trade and Commerce, for examination and consideration on 14th September, 1971. The said budget is as follows:

Professional and Special Services (Salaries)	$ 35,000
Printing of Committee Proceedings	70,000
Expenses of Witnesses	2,000
Other Expenses and Contingencies	18,000
	$125,000

Respectfully submitted,

DONALD SMITH,
Chairman.

The Honourable Senator Smith, from the Standing Committee on Internal Economy, Budgets and Administration presented its second Report as follows:—

TUESDAY, October 5, 1971

The Standing Committee on Internal Economy, Budgets and Administration makes its second Report, as follows:—

Your Committee to which were referred on 27th May, 1971, the Clerk's Accounts, being a detailed statement of his receipts and disbursements for the fiscal year 1970-71, reports as follows:

Your Committee has examined these Accounts together with supporting statements and finds them to be in accordance with the Estimates submitted by the Senate for the fiscal year 1970-71.

Your Committee has been provided with any additional information requested by it. The Clerk has certified that his Accounts were audited by the Auditor General and that authority exists for all payments made. The sums expended appear to be in keeping with the duties of and the tasks undertaken by the Senate and its Committees.

Your Committee draws attention to the extraordinarily high cost of printing which is borne by the Senate. The total cost of printing, $952,675.46, is broken down as follows:

Debates	156,346.98
Committees	617,892.79
Minutes	56,219.28
Other Printing	122,216.41

All charges for printing were paid to the Canadian Government Printing Bureau.

It is recommended that officials of the Canadian Government Printing Bureau be invited to appear before the Committee to explain the composition of the printing charges.

It would appear that Senate expenses in this respect could be considerably reduced if committee chairmen were made aware of the very high cost of printing and, consequently, exercised care toward eliminating any unnecessary printing.

All which is respectfully submitted.

DONALD SMITH,
Chairman.

The Honourable Senator Smith moved, seconded by the Honourable Senator Fergusson, that the Report be taken into consideration at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

An inquiry standing in the name of the Honourable Senator Forsey being called,

It was—
Ordered, That it be postponed until later this day.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Forsey, seconded by the Honourable Senator Lafond, for the second reading of the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect".

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Forsey moved, seconded by the Honourable Senator Heath, that the Bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

The question being put on the motion, it was—
Resolved in the affirmative.

An inquiry standing in the name of the Honourable Senator Forsey being again called,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Thompson resumed the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

After debate,
The Honourable Senator Flynn, P.C., for the Honourable Senator Macdonald moved, seconded by the Honourable Senator Walker, P.C., that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 6th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

No. 1.

By the Honourable Senator Forsey:

29th September—That he will call the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.

No. 2.

By the Honourable Senator Grosart:

4th October—That he will call the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

For Tuesday, 12th October, 1971.

By the Honourable Senator Sullivan:

5th October—That he will call the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Wednesday, 6th October, 1971

No. 1.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Macdonald*).

No. 2.

5th October—Consideration of the second Report of the Standing Committee on Internal Economy, Budgets and Administration.—(*Honourable Senator Smith*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 6.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 14th October, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, OCTOBER 6, 1971	
256–S	Banking, Trade and Commerce (*Bill S–22 "An Act to incorporate United Bank of Canada", / Tax Reform Legislation, 1971: Canadian Chamber of Commerce*)	9.30 a.m.
	THURSDAY, OCTOBER 7, 1971	
256–S	Banking, Trade and Commerce (*Consideration of Tax Reform Legislation, 1971*)	9.30 a.m.
356–S	Constitution of Canada (In Camera) (*Consideration of Draft Report*)	9.30 a.m.
	FRIDAY, OCTOBER 8, 1971	
356–S	Constitution of Canada (In Camera) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 98

Wednesday, 6th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Benidickson,
Boucher,
Bourget,
Bourque,
Burchill,
Carter,
Choquette,
Connolly
(*Ottawa West*),
Cook,
Croll,
Davey,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Gélinas,
Giguère,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lawson,
Lefrançois,
Manning,
Martin,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
Nichol,
O'Leary,
Petten,
Phillips,
Prowse,
Quart,
Rattenbury,
Robichaud,
Smith,
Stanbury,
Sullivan,
Thompson,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Public Accounts of Canada, Volume I, for the fiscal year ended March 31, 1971, pursuant to section 55(1) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Copy of press communiqué issued following the Ministerial Meeting of the Group of Ten, held in Washington, D.C., September 26, 1971. (English text).

Copies of a letter, dated September 30, 1971, addressed by the Ambassador of Japan at Ottawa to the Minister of Industry, Trade and Commerce, and Annex thereto, concerning voluntary controls on certain Japanese exports to Canada for the year 1971, together with the Minister's reply and a news release, dated October 5, 1971, respecting Canada-Japan trade.

With leave of the Senate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Smith:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that Rule 76(4) be suspended in relation thereto.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave,
The Senate reverted to Reports of Committees.

The Honourable Senator Hayden, from the Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect", reported that it had examined the said Bill and had directed him to report the same to the Senate with three amendments.

The amendments were then read by the Clerk Assistant as follows:—

1. *Page 3:* Strike out subclause (2) of clause 6 and substitute therefor the following:

"(2) Not more than two-thirds of the members of the Board at any time may be members of the Public Service within the meaning of the *Public Service Employment Act* but a vacancy occurring in the membership of the Board that has the effect of temporarily reducing the number of members of the Board who are not members of the Public Service below one-third of the members of the Board does not invalidate the constitution of the Board or impair the right of the members to act if the number of members is not less than a quorum."

2. *Page 3:* Immediately after subclause (2) of clause 7, add the following as new subclause (3):

"(3) The Chairman shall preside at any sittings of the Board at which he is present and shall designate one of the other members to preside at any sittings of the Board at which he is not present."

3. *Page 8, clause 21:* In lines 9 and 11 strike out the words "fiscal year" and substitute therefor the words "annual quarter".

With leave of the Senate,
The Honourable Senator Hayden moved, seconded by the Honourable Senator Bourget, P.C., that the Report be adopted now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Hayden moved, seconded by the Honourable Senator Forsey, that the Bill, as amended, be read the third time now.

The question being put on the motion, it was—
Resolved in the affirmative.

The Bill, as amended, was then read the third time and passed.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill with three amendments to which they desire their concurrence.

The Senate reverted to Inquiries.

The Honourable Senator Forsey called the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act,* and to the omission of that Act from the Revised Statutes of Canada, 1970.

After debate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable the Speaker informed the Senate that a communication had been received from the Assistant Secretary to the Governor General.

The communication was then read by the Honourable the Speaker as follows:—

GOVERNMENT HOUSE
OTTAWA

6 October 1971

Sir,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 6th day of October, 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,

LOUIS-FRÉMONT TRUDEAU,
Brigadier General,
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

Ordered, That the communication do lie on the Table.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the second Report of the Standing Committee on Internal Economy, Budgets and Administration.

The Honourable Senator Smith moved, seconded by the Honourable Senator Fergusson, that the Report be adopted now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately five forty o'clock p.m., it was—

Resolved in the affirmative. 3.15 p.m.

The sitting of the Senate was resumed. 5.45 p.m.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to await the arrival of the Right Honourable the Deputy of His Excellency the Governor General, it was—

Resolved in the affirmative.

After awhile, the Right Honourable Joseph Honoré Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

The Honourable the Speaker 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 Right Honourable the Deputy of His Excellency the Governor General that they attend him immediately in the Senate Chamber"

The House of Commons being come,

The Clerk Assistant read the title of the Bill to be assented to, as follows:—

An Act to amend the Judges Act and the Financial Administration Act.

To this Bill the Royal Assent was pronounced by the Clerk of the Senate in the following words:—

"In Her Majesty's name, the Right Honourable the Deputy of His Excellency the Governor General doth assent to this Bill".

The Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Smith,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 7th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

By the Honourable Senator Grosart:

4th October—That he will call the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

For Tuesday, 12th October, 1971.

By the Honourable Senator Sullivan:

5th October—That he will call the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Thursday, 7th October, 1971

No. 1.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970—(*Honourable Senator Martin, P.C.*).

No. 2.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Macdonald*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 6.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 14th October, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, OCTOBER 7, 1971	
256–S	Banking, Trade and Commerce (*Consideration of Tax Reform Legislation, 1971*)	9.30 a.m.
356–S	Constitution of Canada (In Camera) (*Consideration of Draft Report*)	9.30 a.m.
	FRIDAY, OCTOBER 8, 1971	
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Minutes of the Proceedings of the Senate

No. 99

Thursday, 7th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Benidickson,
Boucher,
Bourget,
Bourque,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Gélinas,
Giguère,
Haig,
Hayden,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lawson,
Lefrançois,
Martin,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
Nichol,
O'Leary,
Prowse,
Thompson,
White,
Yuzyk.

PRAYERS.

The Honourable Senator Langlois for the Honourable Senator Hayden, from the Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill S-22, intituled: "An Act to incorporate United Bank of Canada", reported that it had examined the said Bill and had directed him to report the same to the Senate without amendment.

With leave of the Senate,
The Honourable Senator Carter moved, seconded by the Honourable Senator Prowse, that the Bill be read the third time now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the third time and passed.

Ordered, That the Clerk do go down to the House of Commons and acquaint that House that the Senate have passed this Bill to which they desire their concurrence.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 12th October, 1971, at eight o'clock in the evening.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act,* and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Prowse resumed the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

After debate,
The Honourable Senator Choquette, for the Honourable Senator Macdonald moved, seconded by the Honourable Senator White, P.C., that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 12th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

No. 1.

By the Honourable Senator Grosart:

4th October—That he will call the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

No. 2.

By the Honourable Senator Sullivan:

5th October—That he will call the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Tuesday, 12th October, 1971

No. 1.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Macdonald*).

No. 2.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970—(*Honourable Senator Martin, P.C.*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 6.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 14th October, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	FRIDAY, OCTOBER 8, 1971	
356–S	Constitution of Canada (In Camera) (*Consideration of Draft Report*).....	9.30 a.m.
	WEDNESDAY, OCTOBER 13, 1971	
256–S	Banking, Trade and Commerce (*Consideration of Tax Reform Legislation, 1971*).....	9.30 a.m.
	THURSDAY, OCTOBER 14, 1971	
356–S	Banking, Trade and Commerce (*Consideration of Tax Reform Legislation, 1971*).....	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 100

Tuesday, 12th October, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*Madawaska-Restigouche*),
Giguère,
Gouin,
Grosart,
Haig,
Hastings,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Langlois,
Lefrançois,
Macdonald,
Manning,
Martin,
McDonald,
McGrand,
McNamara,
Michaud,
Molson,
Paterson,
Phillips,
Prowse,
Smith,
Sparrow,
Stanbury,
Sullivan,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

Tribute was paid to the Honourable Hédard J. Robichaud, P.C., who resigned from the Senate on 8th October, 1971.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Northern Canada Power Commission, including its accounts and financial statements and the Auditor General's report thereon, for the fiscal year ended March 31, 1971, pursuant to section 24 of the *Northern Canada Power Commission Act,* Chapter N-21, and section 75(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

The Honourable Senator Sullivan called the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

After debate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Bourget, P.C., that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act,* and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator McDonald,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 13th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRY

By the Honourable Senator Grosart:

4th October—That he will call the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Wednesday, 13th October, 1971

No. 1.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator McDonald*).

No. 2.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Macdonald*).

No. 3.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Martin, P.C.*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 7.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 14th October, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, OCTOBER 13, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971; Canadian Federation of Agriculture and Canadian Construction Association*)	9.30 a.m.
	THURSDAY, OCTOBER 14, 1971	
356–S	Banking, Trade and Commerce (*Tax Reform Legislation 1971; National Association of Canadian Credit Unions; Cooperative Union of Canada and Allstate Insurance Company of Canada*)	9.30 a.m.
256–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.
	FRIDAY, OCTOBER 15, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 101

Wednesday, 13th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*Madawaska-Restigouche*),
Gélinas,
Giguère,
Gouin,
Grosart,
Haig,
Hastings,
Hayden,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Lang,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
McDonald,
McGrand,
McNamara,
Michaud,
Molson,
Paterson,
Phillips,
Prowse,
Quart,
Smith,
Sparrow,
Stanbury,
Sullivan,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk to return the Bill C-262, intituled: "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect",

And to acquaint the Senate that the Commons have agreed to the amendments made by the Senate to this Bill, without amendment.

The Honourable Senator McDonald laid on the Table the following:—

Copies of draft resolution, dated September 25, 1971, proposed to the United Nations General Assembly by Albania and certain other nations with respect to the seating of the People's Republic of China in the Assembly and the Security Council.

Copies of communiqué, dated October 8, 1971, issued by the Department of External Affairs, respecting the "Modalities according to which the Government of Quebec is admitted as a participating Government to the institutions, activities and programs of the Agency for Cultural and Technical Co-operation, as agreed on October 1, 1971 between the Government of Canada and the Government of Quebec".

With leave of the Senate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Fergusson:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and tomorrow, Thursday, 14th October, 1971, and that Rule 76(4) be suspended in relation thereto.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Grosart called the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association, held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

After debate,
The Honourable Senator Grosart moved, seconded by the Honourable Senator Yuzyk, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

After debate,
The Honourable Senator Hastings moved, seconded by the Honourable Senator Gélinas, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator McDonald resumed the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and the omission of that Act from the Revised Statutes of Canada, 1970.

After debate,
The Honourable Senator Grosart moved, seconded by the Honourable Senator Macdonald, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 14th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Thursday, 14th October, 1971

No. 1.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Hastings*).

No. 2.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Grosart*).

No. 3.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 4.

13th October—Resuming the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.—(*Honourable Senator Grosart*).

No. 5.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator McDonald*).

No. 6.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 7.

25th May—Resuming the debate on the inquiry of the Honourable Senator Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.—(*Honourable Senator McDonald*).

No. 8.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 9.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, OCTOBER 14, 1971	
356–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971; National Association of Canadian Credit Unions; Cooperative Union of Canada and Allstate Insurance Company of Canada*)	9.30 a.m.
256–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.
	FRIDAY, OCTOBER 15, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 102

Thursday, 14th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Honourable Senators

The Members convened were:

Argue,
Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Gélinas,
Giguère,
Grosart,
Haig,
Hastings,
Hayden,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Lang,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
McDonald,
McNamara,
Molgat,
Molson,
O'Leary,
Phillips,
Prowse,
Quart,
Smith,
Sparrow,
Stanbury,
Walker,
White,
Yuzyk.

PRAYERS.

The Honourable the Speaker informed the Senate that a communication had been received from the Assistant Secretary to the Governor General.

The communication was then read by the Honourable the Speaker, as follows:—

GOVERNMENT HOUSE
OTTAWA

14 October 1971

Sir,

I have the honour to inform you that the Honourable D. C. Abbott, P.C., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 14th day of October, 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,

LOUIS-FRÉMONT TRUDEAU,
Brigadier General,
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

Ordered, That the communication do lie on the Table.

The Honourable Senator McDonald laid on the Table the following:—

Copies of a document entitled "Federal Government's Response to Book IV of the Report of the Royal Commission on Bilingualism and Biculturalism".

With leave of the Senate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 19th October, 1971, at eight o'clock in the evening.

The question being put on the motion, it was—
Resolved in the affirmative, on division.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

After debate,
The Honourable Senator Carter moved, seconded by the Honourable Senator Bourque, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator

Thompson calling the attention of the Senate to the Report prepared for the Minister responsible for Housing entitled: "Urban Canada: Problems and Prospects", tabled in the Senate on Tuesday, 9th March, 1971.

Debated.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately five forty o'clock p.m., it was—

Resolved in the affirmative. 2.50 p.m.

The sitting of the Senate was resumed. 5.50 p.m.

A Message was brought from the House of Commons by their Clerk to return the Bill S-13, intituled: "An Act to amend the Northwest Atlantic Fisheries Convention Act",

And to acquaint the Senate that the Commons had passed this Bill, without amendment.

A Message was brought from the House of Commons by their Clerk to return the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities",

And to acquaint the Senate that the Commons have passed this Bill with two amendments, to which they desire the concurrence of the Senate.

The amendments were then read by the Clerk Assistant, as follows:—

Clause 4

Add immediately after sub-paragraph (ii) the following new sub-paragraph (iii):

"(iii) the chemical nature, physical properties and quantities of any substances emitted into the atmosphere for the purposes of weather modification."

Clause 5

Delete Clause 5, and substitute the following therefor:

"5. Any information obtained by the Administrator or his authorized representative pursuant to this Act may be made public or made available on request to any member of the public."

The Honourable Senator Langlois moved, seconded by the Honourable Senator Smith, that the amendments be taken into consideration at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General, it was—

Resolved in the affirmative.

After awhile, the Honourable Douglas Charles Abbott, P.C., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

The Honourable the Speaker 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 Deputy of His Excellency the Governor General that they attend him immediately in the Senate Chamber."

The House of Commons being come,

The Clerk Assistant read the titles of the Bills to be assented to, as follows:—

An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

An Act to amend the Northwest Atlantic Fisheries Convention Act.

To these Bills the Royal Assent was pronounced by the Clerk of the Senate in the following words:—

"In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General doth assent to these Bills."

The Commons withdrew.

After which the Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Denis, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 19th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRY

By the Honourable Senator Desruisseaux:

14th October—That he will call the attention of the Senate to some aspects of the economic climate.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Tuesday, 19th October, 1971

No. 1.

30th September—Resuming the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada. —(*Honourable Senator Carter*).

No. 2.

14th October—Consideration of the amendments made by the House of Commons to the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities".—(*Honourable Senator Langlois*).

No. 3.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Grosart*).

No. 4.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 5.

13th October—Resuming the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.—(*Honourable Senator Grosart*).

No. 6.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator McDonald*).

No. 7.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 8.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 9.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	FRIDAY, OCTOBER 15, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.
	WEDNESDAY, OCTOBER 20, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Massey-Ferguson Ltd. and Canadian Jewish Congress—9.30 a.m.; ALCAN—2.15 p.m.*)	9.30 a.m. and 2.15 p.m.
260–N	National Finance (*In Camera*) (*Consideration of Draft Report on Growth, Employment and Price Stability*)	2.15 p.m.
356–S	Foreign Affairs (*Mr. Phillips Talbot, President of Asia Society*)	3.30 p.m.
	THURSDAY, OCTOBER 21, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Canadian Bar Association and Independent Petroleum Association of Canada*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 103

Tuesday, 19th October, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Benidickson,
Blois,
Boucher,
Bourque,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Croll,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Flynn,
Forsey,
Gélinas,
Giguère,
Gouin,
Grosart,
Haig,
Hayden,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Lang,
Lawson,
Lefrançois,
Macdonald,
McDonald,
McElman,
McGrand,
McNamara,
Molgat,
Paterson,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Walker,
Willis.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

THURSDAY, October 14, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the name of Mr. Marchand (Kamloops-Cariboo) has been substituted for that of Mr. Foster on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

A Message was brought from the House of Commons by their Clerk in the following words:—

THURSDAY, October 14, 1971.

Ordered,—That Standing Order 65(3) be amended by adding thereto the following:

"(c) On Regulations and other Statutory Instruments, to act as members on the part of this House on the Joint Committee of both Houses established for the purpose of reviewing and scrutinizing statutory instruments standing permanently referred thereto by section 26 of the Statutory Instruments Act, to consist of 12 members;"

Ordered,—That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its Members to act on the proposed joint committee.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Hayden, that the Message be taken into consideration on Thursday next, 21st October, 1971.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator McDonald laid on the Table the following:—

Report on the operation of the *Regional Development Incentives Act* and on "Special Area" incentives for the month of September 1971, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Copies of a Broadcast Code for Advertising to Children, published by the Canadian Association of Broadcasters, together with a news release, dated October 13, 1971, relating thereto.

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, October 13, 1971, pursuant to section 7 of the *Regulation Act,* Chapter R-5, R.S.C., 1970.

Copies of Trade Agreement between Canada and the Hungarian People's Republic, done at Ottawa October 6, 1971, together with correspondence relating thereto exchanged between the Canadian Minister of Industry, Trade and Commerce and the Deputy Minister of Foreign Trade of the Hungarian People's Republic.

Copies of report of the Hazardous Products Board of Review, pursuant to section 5 of the *Hazardous Products Act,* Chapter H-3, R.S.C., 1970, recommending that Order in Council P.C. 1970-1933 respecting metal polishes, *tabled* in the Senate November 17, 1970, be continued and maintained in the interest of public health and safety.

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1971, pursuant to section 7 of the *Fisheries Prices Support Act,* Chapter F-23, R.S.C., 1970.

The Honourable Senator Desruisseaux called the attention of the Senate to some aspects of the economic climate.

After debate,
The Honourable Senator Lang moved, seconded by the Honourable Senator Isnor, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Laird, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon all aspects of the parole system in Canada.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called for the consideration of the amendments made by the House of Commons to the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities",

It was—
Ordered, That it be postponed until Thursday next, 21st October, 1971.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971,

It was—
Ordered, That it be postponed until Thursday next, 21st October, 1971.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Gouin,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 20th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Wednesday, 20th October, 1971

No. 1.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Lang*).

No. 2.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Grosart*).

No. 3.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 4.

13th October—Resuming the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.—(*Honourable Senator Grosart*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 7.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 21st October, 1971.

No. 1.

19th October—Consideration of the Message from the House of Commons requesting the establishment of a Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator McDonald*).

No. 2.

14th October—Consideration of the amendments made by the House of Commons to the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities".—(*Honourable Senator Langlois*).

No. 3.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator McDonald*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, OCTOBER 20, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Massey-Ferguson Ltd. and Canadian Jewish Congress—9.30 a.m.; ALCAN—2.15 p.m.*)	9.30 a.m. 2.15 p.m.
260–N	National Finance (*In Camera*) (*Consideration of Draft Report on Growth, Employment and Price Stability*)	2.15 p.m.
356–S	Foreign Affairs (*Mr. Phillips Talbot, President of Asia Society*)	3.30 p.m.
	THURSDAY, OCTOBER 21, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Canadian Bar Association, Independent Petroleum Association of Canada and Simpson Sears Ltd.*)	9.30 a.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 104

Wednesday, 20th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Everett,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Gouin,
Grosart,
Haig,
Hayden,
Hays,
Inman,
Isnor,
Kinnear,
Kinnear,
Lafond,
Laird,
Lang,
Lawson,
Lefrançois,
Macdonald,
McDonald,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
Nichol,
O'Leary,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Walker,
Willis,
Yuzyk.

PRAYERS.

The Honourable Senator McDonald laid on the Table the following:—

Copies of Agreement between the Government of Canada and the Government of the Union of Soviet Socialist Republics respecting general exchanges in scientific, technical, educational, cultural and other fields. Done at Ottawa October 20, 1971.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act,* and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Benidickson, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 21st October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Thursday, 21st October, 1971

No. 1.

19th October—Consideration of the Message from the House of Commons requesting the establishment of a Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.—(*Honourable Senator McDonald*).

No. 2.

14th October—Consideration of the amendments made by the House of Commons to the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities".—(*Honourable Senator Langlois*).

No. 3.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator McDonald*).

No. 4.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Lang*).

No. 5.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Grosart*).

No. 6.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 7.

13th October—Resuming the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.—(*Honourable Senator Grosart*).

No. 8.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 9.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 10.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, OCTOBER 21, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Canadian Bar Association, Independent Petroleum Association, and Simpson Sears Ltd.*)	9.30 a.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.
256–S	Legal and Constitutional Affairs (*In Camera*) (*Parole System in Canada*)	1.30 p.m.

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Minutes of the Proceedings of the Senate

No. 105

Thursday, 21st October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Bélisle,
Benidickson,
Boucher,
Bourget,
Bourque,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Croll,
Denis,
Deschatelets,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Grosart,
Haig,
Hayden,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Lang,
Lawson,
Lefrançois,
Macdonald,
McDonald,
McGrand,
McNamara,
Molgat,
Molson,
Nichol,
O'Leary,
Phillips,
Prowse,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Willis,
Yuzyk.

PRAYERS.

The Honourable Senator McDonald laid on the Table the following:—

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 20 of the *Canadian Film Development Corporation Act*, Chapter C-8, R.S.C., 1970.

Supplementary Report of The Canadian Wheat Board on the 1969-70 Pool Account for Wheat for the period August 1, 1969 to April 30, 1971, certified by the Auditors, pursuant to section 7(2) of the *Canadian Wheat Board Act*, Chapter C-12, R.S.C., 1970.

With leave of the Senate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that Rule 76(4) be suspended in relation thereto.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 26th October, 1971, at eight o'clock in the evening.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the Message from the House of Commons requesting the establishment of a Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

With leave of the Senate,
The Honourable Senator McDonald moved, seconded by the Honourable Senator Molson:

That Rule 67(1) of the Rules of the Senate be amended by relettering paragraphs (d) to (k) inclusive as paragraphs (e) to (l) inclusive and inserting, immediately after paragraph (c), the following as new paragraph (d):

"(d) The Joint Committee on Regulations and other Statutory Instruments, to which shall be appointed eight 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 for the purpose of reviewing and scrutinizing statutory instruments standing permanently referred thereto by section 26 of the *Statutory Instruments Act*; and

That the Senate will appoint eight of its members, to be designated at a later date, to serve on the said Joint Committee.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the amendments made by the House of Commons to the Bill S-11, intituled: "An Act to provide for the obtaining of information respecting weather modification activities".

The Honourable Senator Hays, P.C., moved, seconded by the Honourable Senator Fournier (*de Lanaudière*), that the amendments be concurred in.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have agreed to the amendments made by the Commons to this Bill, without amendment.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until Thursday, 4th November, 1971.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the Seventeenth General Conference of the Commonwealth Parliamentary Association held at Kuala Lumpur, Malaysia, 3rd to 18th September, 1971, and in particular to the participation therein of the delegation from Canada.

Debated.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 26th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Tuesday, 26th October, 1971

No. 1.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator McDonald*).

No. 2.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Lang*).

No. 3.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Grosart*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 6.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971. —(*Honourable Senator Hays, P.C.*).

For Thursday, 4th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	TUESDAY, OCTOBER 26, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*).....	9.30 a.m.
	WEDNESDAY, OCTOBER 27, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Bethlehem Copper Corporation Ltd., Canadian Gas Association, and Noranda Mines*).....	9.30 a.m. 2.15 p.m.
	THURSDAY, OCTOBER 28, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Canadian Petroleum Association, Mining Association of Canada, The Canadian Mutual Funds Association, The Canadian Pulp and Paper Association, and Ad hoc Committee of Voluntary Agencies*).....	9.30 a.m. 2.15 p.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*).....	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 106

Tuesday, 26th October, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Croll,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Gouin,
Grosart,
Hayden,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Langlois,
Lefrançois,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
Paterson,
Phillips,
Prowse,
Rattenbury,
Sparrow,
Stanbury,
Sullivan,
Thompson,
Walker,
Welch,
White,
Willis,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

MONDAY, October 25, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the name of Mr. LeBlanc (*Rimouski*) has been substituted for that of Mr. Lachance on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of news release, dated October 21, 1971, issued by the Department of Industry, Trade and Commerce, announcing the establishment of the Employment Support Board (Raymond Lavoie, Esk., Chairman), together with a summary of administrative procedures to enable immediate implementation of the *Employment Support Act.*

Copies of news release, dated October 21, 1971, issued by the Department of the Environment, outlining the proposed National Air Quality Objectives.

Report of the Textile and Clothing Board, dated June 11, 1971, relative to the inquiry ordered by the Minister of Industry, Trade and Commerce respecting men's and boys' shirts, together with copies of a news release, dated October 22, 1971, relating thereto.

Public Accounts of Canada, Volume III, for the fiscal year ended March 31, 1971, pursuant to section 55(1) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of operations under the *Health Resources Fund Act* for the fiscal year ended March 31, 1971, pursuant to section 13 of the said Act, Chapter H-4, R.S.C., 1970.

Report on the administration of the *Emergency Gold Mining Assistance Act* for the fiscal year ended March 31, 1971, pursuant to section 10 of the said Act, Chapter E-5, R.S.C., 1970.

Copies of joint communiqué issued following the first Canada-Mexico Ministerial Meeting, held at Ottawa October 21-22, 1971.

Copies of Canadian-Soviet Communiqué, dated October 26, 1971, issued following the visit to Canada of Mr. Aleksei N. Kosygin, Chairman of the Council of Ministers of the USSR, October 17-26, 1971.

Copies of press release from the Office of the Prime Minister, dated October 22, 1971, announcing the appointment of Senator John Black Aird, Q.C., as Chairman of the Canadian Section of the Canada-United States Permanent Joint Board on Defence, to succeed the late Arnold D. P. Heeney, Q.C.

With leave of the Senate,

The Honourable Senator Martin, P.C., called the attention of the Senate to the Canada-USSR General Exchange Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate today.

After debate,

The Honourable Senator Cameron moved, seconded by the Honourable Senator Boucher, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—

Resolved in the affirmative, on division.

Ordered, That the Canada-USSR General Exchange Agreement, done at Ottawa October 20, 1971, and the Canadian-Soviet Communiqué, dated October 26, 1971, be printed as Appendices to the Debates of the Senate of this day.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971,

It was—

Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—

Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act,* and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—

Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 27th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Wednesday, 27th October, 1971

No. 1.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and *tabled* in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and *tabled* in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Cameron*).

No. 2.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator McDonald*).

No. 3.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Lang*).

No. 4.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Grosart*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 7.

2nd June—Resuming the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.—(*Honourable Senator Hays, P.C.*).

For Thursday, 4th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, OCTOBER 27, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Noranda Mines Limited, Bethlehem Copper Corporation Ltd., The Canadian Gas Association, Ad hoc Committee of Voluntary Agencies*)	9.30 a.m. 2.15 p.m.
	THURSDAY, OCTOBER 28, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Canadian Petroleum Association, Mining Association of Canada, The Canadian Mutual Funds Association, The Canadian Pulp and Paper Association*)	9.30 a.m. 2.15 p.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 107

Wednesday, 27th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Croll,
Davey,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Gouin,
Grosart,
Hayden,
Inman,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Langlois,
Lefrançois,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
Paterson,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Sullivan,
Thompson,
Walker,
Welch,
White,
Willis.

PRAYERS.

With leave of the Senate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Smith:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and tomorrow, Thursday, 28th October, 1971, and that Rule 76(4) be suspended in relation thereto.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Prowse resumed the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

After debate,
The Honourable Senator Quart moved, seconded by the Honourable Senator White, P.C., that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and the omission of that Act from the Revised Statutes of Canada, 1970.

After debate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Cameron resumed the debate on the motion of the Honourable Senator Cameron, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the Report of Air Canada for the year ended December 31, 1970, tabled in the Senate on Monday, 5th April, 1971.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of statement made today in the House of Commons by the Honourable Mitchell Sharp, Secretary of State for External Affairs, respecting the announcement by the United States that the underground nuclear test at Amchitka will take place on or shortly after November 4, 1971.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 28th October, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Thursday, 28th October, 1971

No. 1.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator Quart*).

No. 2.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Martin, P.C.*).

No. 3.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and *tabled* in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and *tabled* in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Cameron*).

No. 4.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Lang*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 4th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, OCTOBER 28, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Canadian Petroleum Association, Mining Association of Canada, The Canadian Mutual Funds Association, The Canadian Pulp and Paper Association*)	9.30 a.m. 2.15 p.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 108

Thursday, 28th October, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourque,
Burchill,
Cameron,
Choquette,
Connolly (*Ottawa West*),
Croll,
Davey,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Fergusson,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Grosart,
Hayden,
Inman,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lefrançois,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
O'Leary,
Paterson,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Sullivan,
Thompson,
Walker,
Welch,
White,
Willis,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of documents, issued by the Department of Manpower and Immigration, setting out the details of the Local Initiatives Program and the Manpower Training elements of the Special Employment Plan.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 2nd November, 1971, at eight o'clock in the evening.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and *tabled* in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and *tabled* in the Senate on Tuesday, October 26, 1971.

After debate,
The Honourable Senator Kinnear for the Honourable Senator Croll moved, seconded by the Honourable Senator Boucher, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 2nd November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Bélisle:

16th September—That a Special Committee of the Senate composed of five Senators be appointed to consider and report upon the use of the Senate Chamber.

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Tuesday, 2nd November, 1971

No. 1.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and *tabled* in the Senate on Wednesday, October 20, 1971, and to the Canada-Soviet Communiqué, dated October 26, 1971, and *tabled* in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Croll*).

No. 2.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator Quart*).

No. 3.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Martin, P.C.*).

No. 4.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Lang*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 4th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	TUESDAY, NOVEMBER 2, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.
	WEDNESDAY, NOVEMBER 3, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Hollinger Mines Limited; The Canadian Life Insurance Association; The Canadian Institute of Chartered Accountants; Douglas Aircraft Corporation*)	9.30 a.m.
	THURSDAY, NOVEMBER 4, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Elgistan Management Limited; Loram Ltd.; Anglo-American Corporation of Canada Limited*)	9.30 a.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 109

Tuesday, 2nd November, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Giguère,
Gouin,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Lang,
Langlois,
Lefrançois,
Macnaughton,
Manning,
Martin,
McGrand,
McNamara,
Molgat,
Molson,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Sullivan,
Thompson,
Welch,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk to return the Bill S-19, intituled: "An Act respecting the Royal Victoria Hospital",

And to acquaint the Senate that the Commons have passed this Bill, without amendment.

A Message was brought from the House of Commons by their Clerk to return the Bill S-12, intituled: "An Act respecting Central-Del Rio Oils Limited",

And to acquaint the Senate that the Commons have passed this Bill with one amendment, to which they desire the concurrence of the Senate.

The amendment was then read by the Clerk Assistant, as follows:—

Page 2, after Line 42. Add the following as a new clause:

"A majority of directors of the Company or its successor shall at all times be Canadian citizens ordinarily resident in Canada."

The Honourable Senator Manning, P.C., moved, seconded by the Honourable Senator Sullivan, that the amendment be concurred in now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have agreed to the amendment made by the Commons to this Bill, without amendment.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Consolidated Index and Table of Statutory Orders and Regulations published in the *Canada Gazette,* Part II, for the period January 1, 1955 to September 30, 1971.

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, October 27, 1971, pursuant to section 7 of the *Regulations Act,* Chapter R-5, R.S.C., 1970.

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 23 of the *Canada Council Act,* Chapter C-2, R.S.C., 1970.

Copies of two reports, prepared by the Canadian Wildlife Service for the Department of the Environment, respecting the Suffield Military Reserve: one an ecological appraisal, dated June 1971, and the other an environmental study, dated August 1971. (English text).

With leave of the Senate,
On motion of the Honourable Senator Bélisle, it was—
Ordered, That the motion standing in his name be withdrawn.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

After debate,
The Honourable Senator Grosart moved, seconded by the Honourable Senator O'Leary, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

Debated.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act,* and the omission of that Act from the Revised Statutes of Canada, 1970,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 3rd November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Wednesday, 3rd November, 1971

No. 1.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Grosart*).

No. 2.

4th October—Resuming the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act*, and to the omission of that Act from the Revised Statutes of Canada, 1970.—(*Honourable Senator Martin, P.C.*).

No. 3.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Lang*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 4th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, NOVEMBER 3, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Hollinger Mines Limited; The Canadian Life Insurance Association; Dominion Foundries and Steel Limited; The Canadian Institute of Chartered Accountants*)	9.30 a.m. 2.15 p.m.
	THURSDAY, NOVEMBER 4, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Anglo-American Corporation of Canada Limited; Elgistan Management Limited; Loram Ltd.*)	9.30 a.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m. 3.30 p.m. 8.00 p.m.

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Minutes of the Proceedings of the Senate

No. 110

Wednesday, 3rd November, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Denis,
Deschatelets,
Duggan,
Eudes,
Everett,
Fergusson,
Forsey,
Fournier (*de Lanaudière*),
Giguère,
Gouin,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lefrançois,
Macnaughton,
Manning,
Martin,
McDonald,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Sullivan,
Thompson,
Welch,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

TUESDAY, November 2, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the name of Mr. Pringle has been substituted for that of Mr. Hogarth on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Senate directed that the following item be reinstated on the Orders of the Day and that it do stand in the name of the Honourable Senator Heath:—

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and tomorrow, Thursday, 4th November, 1971, and that Rule 76(4) be suspended in relation thereto.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave,
The Senate proceeded to Order No. 3 on the Orders of the Day.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.

After debate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Denis, P.C., that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

After debate,
The Honourable Senator Thompson moved, seconded by the Honourable Senator Rattenbury, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Forsey calling the attention of the Senate to the Government's failure to make certain payments as required by the *Temporary Wheat Reserves Act,* and the omission of that Act from the Revised Statutes of Canada, 1970.

Debated.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 4th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

For Friday, 5th November, 1971.

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Thursday, 4th November, 1971

No. 1.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Thompson*).

No. 2.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Langlois*).

No. 3.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

No. 6.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator Heath*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, NOVEMBER 4, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Anglo-American Corporation of Canada Limited; Elgistan Management Limited; Loram Ltd.*)	9.30 a.m.
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9.30 a.m. 3.30 p.m. 8.00 p.m.

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Minutes of the Proceedings of the Senate

No. 111

Thursday, 4th November, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lefrançois,
Martin,
McDonald,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Smith,
Sparrow,
Stanbury,
Thompson,
Welch,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

WEDNESDAY, November 3, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the names of Messrs. Schumacher, Laflamme, Caccia and Guay (St. Boniface) have been substituted for those of Messrs. Dinsdale, Pringle, Marchand (Kamloops-Cariboo) and Osler on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Department of National Revenue containing Statements relative to Customs-Excise Revenue and Other Services by Ports; Excise and Income of Canada, for the fiscal year ended March 31, 1971, pursuant to section 5 of the *Department of National Revenue Act,* Chapter N-15, R.S.C., 1970.

Copies of General Agreement on Co-operation in Radio and TV Broadcasting between the Canadian Broadcasting Corporation and the USSR Council of Ministers Committee for Radio and Television Broadcasting, signed at Montreal March 10, 1969, together with copies of Supplements A and B.

The Honourable Senator Hayden, from the Standing Senate Committee on Banking, Trade and Commerce which was authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 14th September, 1971, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto, tabled Preliminary Report on the Summary of 1971 Tax Reform Legislation.

Ordered, 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.

(*See Appendix to the Minutes of the Proceedings of the Senate of this day following page 436*).

With leave of the Senate,
The Honourable Senator Smith moved, seconded by the Honourable Senator Inman:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 9th November, 1971, at eight o'clock in the evening.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until Thursday, 18th November, 1971.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.

Debated.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Benidickson, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

APPENDIX

Standing Senate Committee on Banking, Trade and Commerce

Preliminary Report on the Summary of 1971 Tax Reform Legislation

The Honourable Salter A. Hayden, Q.C., Chairman

MEMBERSHIP OF THE COMMITTEE

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman,* and

The Honourable Senators:

Aird	Grosart
Beaubien	Haig
Benidickson	Hays
Blois	Isnor
Burchill	Lang
Carter	Macnaughton
Choquette	Molson
Connolly (*Ottawa West*)	Smith
Cook	Sullivan
Croll	Walker
Desruisseaux	Welch
Everett	White
Gelinas	Willis
Giguere	

Ex officio members: Flynn and Martin

(Quorum 7)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, September 14, 1971:

"With leave of the Senate,

The Honourable Senator Hayden moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Robert Fortier,

Clerk of the Senate.

INTRODUCTION

On September 14, 1971 there was tabled in the House a document entitled "Summary of 1971 Tax Reform Legislation" and on the same date, by resolution of the Senate, consideration of same was referred to the Standing Senate Committee on Banking, Trade and Commerce.

For the purposes of brevity and identification, the "Summary of 1971 Tax Reform Legislation" will be referred to in this report as the "proposed legislation" and the Standing Senate Committee on Banking, Trade and Commerce will be referred to as "your Committee" or "the Committee".

The Committee would like to take the opportunity at this time to commend the Government in respect of many of its proposals pertaining to individuals, in particular for the reduction in taxes, the increased personal exemptions for both single and married taxpayers and for taxpayers aged 65 and over, the allowance of a deduction for child care expenses, the deduction for moving expenses occasioned by a job change and the increased deductions for pensions and charitable contributions. Your Committee also notes with approval the allowance of a deduction by corporations of interest paid on money borrowed to acquire shares of other corporations. W would further commend the Government for modifying many of the proposals put forward in the "White Paper Proposals for Tax Reform" in response to the many representations made in respect of same.

Pursuant to the order of reference dated September 14, 1971, your Committee has heard a number of representations and has received a number of written submissions on the proposed legislation. Having studied the various representations which have been heard or received up to and including the 27th day of October 1971, your Committee has concluded that it is desirable to submit to the Minister of Finance, as expeditiously as possible, a number of recommendations in respect of the proposed legislation which is presently being considered by Committee of the Whole in the other House. It is the hope that, upon the receipt by the Minister of Finance of these recommendations, the same will be accepted by him as being pertinent and relevant, and to the extent so regarded, that appropriate amendments will be submitted by him to the other House while the said proposed legislation is being considered in the Committee stage.

Having regard to the urgency of the matter and the problem of time, your Committee is submitting for your approval at this time a limited number of recommendations but it is hoped that the Committee will still be in the position to make further recommendations before the proposed legislation reaches this House. Alternatively, the Committee will submit these further recommendations when the said proposed legislation reaches this House after having passed the other House.

The proposed recommendations are hereinafter submitted in seriatim form.

IMPACT ON THE CONTINUING VIABILITY OF CANADIAN MULTINATIONAL CORPORATIONS—THEIR DOMESTIC AND FOREIGN OPERATIONS THROUGH FOREIGN AFFILIATES, THEIR NEED FOR SUCH FOREIGN OUTLETS TO MAINTAIN HIGHER LEVELS OF EMPLOYMENT IN CANADA, THEIR CAPITAL NEEDS IN CANADA AND ABROAD AND THEIR COMPETITIVE POSITION IN WORLD MARKETS

Your Committee is deeply concerned with the possible effect of the proposed legislation on the competitive position of Canada's international corporations in world markets. To the extent that Canada's world trading position is adversely affected, it follows that our economic growth as a whole must likewise suffer.

A. Passive Income

One of the areas which gives rise to this concern is that relating to the treatment of income earned abroad by Canadian residents and their foreign affiliates. The principal purpose of these provisions is to prevent Canadian residents from avoiding or unduly deferring Canadian income tax on passive income such as dividends, interest, rents, royalties and certain types of capital gains by diverting such income to a non-resident corporation or trust and allowing the non-resident corporation or trust to accumulate such income abroad instead of repatriating it to Canada.

To prevent any possible abuse in this regard, it is proposed that Canadian residents (both corporate and individual) will be obliged to include in income their "participating percentage" of any diverted income earned by a non-resident corporation or trust which is "affiliated" (as defined) with the Canadian taxpayer. This income must be taken into account each year by the Canadian resident whether or not received in the year from the foreign affiliate.

Most certainly, the objective of attempting to thwart tax avoidance is a valid one. However, the anti-avoidance rules relating to diverted income are extended in such an indiscriminate manner as to encompass not only diverted income but also all passive income of foreign affiliates even though the affiliates are established for bona fide business purposes and are not established or used for the purpose of diverting passive income abroad in order to avoid or unduly defer Canadian income tax.

This is particularly unfortunate in the light of the fact that the proposed legislation does not define what income is to be excluded from the diverted income rules as being "active business income". Because of this, there is a serious danger that income such as interest received by a foreign affiliate on short term deposits or on trade receivables and royalties received by such an affiliate in respect of patents or know-how developed by it abroad in the course of its active business operations (to name but a few) may be taxed currently in the hands of the Canadian shareholder as diverted income even though such income is in fact directly attributable to the foreign affiliate's active business. Such income is not diverted income.

Further, it has been noted that international corporations are not infrequently obliged by the laws of a foreign country to carry on their business operations in that country through a foreign affiliate which is controlled by residents of that country. In circumstances such as these, the fact that the foreign affiliate earns passive income is often a matter which is beyond the control of the Canadian international corporation and is therefore not motivated by tax avoidance considerations. Nevertheless, in the absence of adequate de minimis relieving provisions in the proposed legislation, the Canadian international corporation will be subject to Canadian income tax on its "participating percentage" of such passive income.

This indiscriminate extension of the diverted income rules to include all passive income of foreign affiliates is further aggravated by the following:

1. Because of the manner in which the term "participating percentage" is defined, the amount taxable in a Canadian shareholder's hands under the passive income rules may, in some instances, be greater than the portion of the foreign affiliate's passive income that actually accrues to his benefit; this could occur where the foreign affiliate is not wholly-owned by one Canadian taxpayer and there is more than one class of shares of capital stock outstanding (treating certain income debentures as capital stock for this purpose).

2. No provision has been made in the proposed legislation to allow a taxpayer to apply losses sustained in one year in respect of a passive income source against passive income "earned" in other years under a loss carry-over provision.

Even if the assimilation of passive income with diverted income could be justified, the above-described defects should be rectified.

B. Dividends received from foreign affiliates

Your Committee is also concerned with one other matter that is inherent in the proposals relating to international income. It is intended that the treatment to be accorded to dividends received from foreign affiliates will differ according to whether the foreign affiliate is, or is not, located in a country with which Canada has a tax treaty.

Your Committee has difficulty in appreciating the reason for this difference in treatment. Until such treaties are negotiated, uncertainty will prevail. This can only have an unsettling effect on our trading and business operations abroad. Quite apart from this, it offends your Committee that business decisions should be influenced by the government's success, or lack of success, in negotiating tax treaties. Our international trading position should not be either jeopardized or used as a means of bargaining between governments.

In this connection, while the Committee is aware of the Government's intention to provide tax-sparing relief with respect to operations established in developing countries pursuant to commitments entered into prior to 1976, nevertheless, we cannot agree with the taxing of dividends from affiliates operating in non-treaty countries. Many of these countries are developing nations which offer tax incentives to foreign corporations. Canada should not tax away these incentives and reduce their value to Canadian corporations.

C. Other considerations

As a result of the foregoing proposals, the after-tax return to Canadian international corporations from foreign business operations will be reduced and their competitive standing in world markets will be prejudiced. If this occurs, the effect may be to discourage foreign business operations and, having regard to Canada's dependency on world trade, the curtailment of these operations can only have an adverse effect on our own economic growth. Further, any such restriction on foreign business will reduce the support for marketing and research facilities in Canada, which again will worsen our competitive position abroad. Needless to say, the demand for technical skills and other employment opportunities will be reduced, compounding our present unemployment position.

In voicing its concern about the impact of these proposals on employment opportunities in Canada, your Committee is not unmindful of the fact that two of Canada's largest international corporations who appeared before the Committee and who stated that they would be adversely affected by those proposals are understood to employ approximately 25,000 Canadians. As is well known, any loss of employment in a particular sector of the economy such as this has a ripple effect on the economy as a whole and must inevitably lead to further unemployment. Copies of the briefs submitted to your Committee by the two above-mentioned corporations were forwarded to the Department of Finance at its request.

It is imperative that we, as a nation, do not lose sight of the fact that Canada is one of the major trading countries of the world and that the encouragement of Canada's international corporations in their efforts to expand world markets is of the greatest national importance and the highest priority. Any measures such as those contained in the proposed legislation which inhibit these efforts are to be deplored, particularly in view of the fact that these proposals run counter to the patterns being set by other developed nations. For example, the effect of the proposals recently put forward by the United States government with respect to domestic international sales organizations (commonly referred to as the DISC proposals) would be to defer payment of U.S. income tax until dividends are distributed.

Indeed, the Government in its original approach to the taxation of foreign source income, as outlined in its White Paper Proposals for Tax Reform (1969), conceded that Canadian international corporations should not be placed at a competitive tax disadvantage. At page 72 (paragraph 6.9) of the White Paper it is stated:

"On the other hand, Canadian business is often required to go abroad to seek foreign sources of supply and to develop foreign markets. Going international is frequently necessary to enable Canadian companies to achieve the economies of scale which are otherwise denied to them by the relatively small size of the Canadian domestic market. Such companies would find it hard to compete on the international scene if they were sub-

ject to more onerous taxes than those which apply to their competitors."

In addition to all of the foregoing, recent comments of the Minister of Finance indicate that the Government is also aware of difficulties that may be encountered when he stated as follows:

"We have already received a number of representations relating to the passive income provisions and it seems clear that some changes to the law as necessary should be made before the provisions take effect. However, we have concluded that it would be premature to introduce changes at this time before all representations have been received and given the study they require."

YOUR COMMITTEE RECOMMENDS the following:

I A. Foreign accrual property income (passive income)

That the Government give renewed consideration to the "foreign accrual property income" (FAPI) rules with a view to making at least the following changes:

(*a*) that the definition of the term "foreign accrual property income" be amended to exclude from the category of income which is subject to the foreign affiliate rules any income or capital gains from property that may reasonably be regarded as having been used for the purpose of gaining or producing income from an active business; or, that the term be redefined in such other manner as to ensure that the overall thrust of the foreign accrual property income provisions will be restricted so that the income subject to these rules will include only diverted income; in the result, that income such as interest on short-term deposits, interest on trade receivables, gains on the disposition of capital property used in a bona fide business operation and other like items will not be classed as foreign accrual property income.

(*b*) that the de minimis rule contained in the proposed legislation be broadened to the effect that the passive income rules will not apply to any foreign affiliate whose passive income does not exceed a specified percentage of its total gross revenue (such as the 30 per cent rule in the United States); alternatively, the de minimis rule may be expressed as a percentage of the foreign affiliate's gross assets.

(*c*) that the term "foreign affiliate" be re-defined for purposes of the foreign accrual property income rules to include with respect to foreign corporations only those corporations which are controlled directly or indirectly in Canada.

B. Dividends received from foreign affiliates

That the proposed differentiation in treatment of dividends received from foreign affiliates, depending on whether the foreign affiliate is located in a treaty country or non-treaty country, be eliminated and that all dividends received by resident corporations from foreign affiliates be exempt from tax. In any event, your Committee can find no valid reason for the failure to provide a tax credit in respect of foreign withholding taxes on dividends from non-treaty countries.

II. That the Government announce any changes in these provisions at the earliest opportunity and, pending same, that the effective date of the passive income rules which are to commence with respect to passive income earned in taxation years commencing after December 31, 1972 be deferred in their implementation for a period of at least one further year to December 31, 1973.

In conclusion, your Committee feels constrained to reiterate the views expressed by it in its Report on The White Paper Proposals for Tax Reform condemning the implications inherent in the Government's proposals that vast tax avoidance schemes exist through the use of foreign entities. As stated in its Report, the Committee believes that tax avoidance of this kind can be effectively blocked under existing legislation and failure to block such abuses (if they exist) is due more to lack of enforcement of existing law than to lack of legislation.

FARMERS

A. Basic herds

At the present time, farmers who maintain a permanent herd of animals for the purpose of producing livestock or livestock products for sale are construed as having a capital asset in the form of a "basic herd". This treatment has been sanctioned by the Department of National Revenue in its "Farmer's & Fisherman's Tax Guide" which sets out rules for establishing and enlarging basic herds. In other words, the brood animals forming part of the basic herd are analagous to other capital assets of the farmer such as land and orchards and to the fixed capital assets of any other business.

Under the proposed legislation, it is intended to abolish the concept of the basic herd and to treat such herds as inventory or stock-in-trade. Under the transitional rules, basic herds which have already been established will continue to be treated as capital assets to the extent that gains accrued at the commencement of the new system will not be subject to tax. However, gains accruing thereafter will be treated in the same manner as profits on the sale of inventory.

Your Committee is not aware of any reason for not continuing to recognize a permanent herd for what it is, namely, a capital asset.

YOUR COMMITTEE RECOMMENDS that provision be made in the proposed legislation for the continued recognition of a farmer's permanent herd as a "basic herd" and, therefore, as a capital asset.

B. Capital gains and farm land

Your Committee is of the view that farmers occupy a special position in the economic structure of this country. Over the years, this sector of the economy has become increasingly subjected to pressures which have led to a profound change in the nature and use of farm lands. Your Committee is concerned by this trend and believes that measures should be taken to reverse it.

YOUR COMMITTEE RECOMMENDS that consideration be given to extending the rollover provisions to permit land together with any other capital property which is used by an individual in a farming activity to be transferred, either during lifetime or on death, to lineal ascendants or descendants without being subject to capital gains treatment under the deemed realization provisions. This exemption should only be available in those circumstances where the transferee or transferees continue to carry on the farming activities.

EMPLOYEES PROFIT SHARING PLANS

Under present law, an employee who is a beneficiary under an employees profit sharing plan is taxed in the same manner as an employee who receives a profit sharing bonus directly from his employer and invests the money received. In summary, the employee's position is as follows:

1. the employee is taxed annually on any amount which his employer contributes to the plan on his behalf in the same manner as he would have been if he had received a bonus of an equivalent amount directly;

2. the employee is not allowed a deduction in respect of any contributions which he himself may pay into the plan;

3. the employee's share of the income earned each year by the plan is taxed annually in his hands; and

4. amounts received by the employee out of the plan (whether on retirement or otherwise) are, in general, non-taxable since these amounts will normally have been taxed previously.

Under the proposed legislation, the same general rules will apply. However, with the taxation of capital gains, the employee will also be taxed annually on his proportionate share of one-half of the net capital gains realized by the trust in each year (excluding any protion accrued prior to January 1, 1972) as well as on his share of the income earned by the trust in the year. In addition, provision is made in the proposed legislation with respect to the taxation of any unrealized gain on capital property distributed in specie to an employee on his withdrawal from the plan. Under these provisions, the employee is subject to tax in the year of his withdrawal on any accrued gain in respect of the property received from the trust (excluding any portion accrued prior to January 1, 1972) but it would appear from the proposed legislation that such accrued gains will be treated as ordinary income rather than as capital gain.

Quite evidently, these accrued gains should at least receive capital gain treatment and this should be clearly stated in the proposed legislation. However, even this treatment is unsatisfactory inasmuch as it places a member employee at a severe disadvantage vis-à-vis an employee who invests after-tax earnings directly. In the opinion of your Committee, capital property which is in substance the employee's property should not be considered as having been realized at fair market value on distribution to the employee. The deferral of gain would be consistent with the treatment to be accorded to a capital beneficiary of an ordinary trust.

YOUR COMMITTEE RECOMMENDS the following:

1. that where property is distributed in specie to an employee by the trustee of an employees profit sharing plan, the trustee should be deemed to have disposed of the property for proceeds equal to its cost amount (as defined) to the trust;

2. that the employee should be deemed to have acquired the property at the cost amount to the trust; and

3. that the employee should not be taxed until he ultimately disposes of property, at which time any gain should be subject to capital gains treatment.

DEFERRED PROFIT SHARING PLANS

The tax treatment of deferred profit sharing plans differs from the treatment accorded employees profit sharing plans. The provisions of the present law relating to deferred plans are, in summary, as follows:

1. the employee is not taxed currently on any amounts which his employer may contribute to the plan on his behalf nor on the income earned in the year by the plan; and

2. instead, the employee is subject to tax on the full amount received on his withdrawal from the plan minus any portion representing a refund of contributions paid by the employee into the plan; the exclusion of the employee's contributions follows from the fact that the employee is not allowed a deduction for contributions but is obliged to make these payments out of tax-paid dollars.

It is significant to note that the amount taxable as income in the employee's hands represents not only his share of (*a*) the employer's contributions, and (*b*) the income earned by the plan, but also (*c*) his share of any net capital gains of the trust. This treatment has been acceptable to member employees partly because of the tax deferral feature inherent in these plans but also in large measure because the employee has the right to avail himself of the special tax averaging provisions of Section 36 of the present Income Tax Act in respect of a lump sum payment received on his withdrawal from the plan.

Under the proposed legislation, the lump sum distribution from the plan will continue to be treated as ordinary income whether the distribution is made from employer contributions, income accumulated by the trust, capital gains realized by the trust or unrealized gains in respect of property distributed in specie to the employee.

However, the tax averaging provisions of Section 36 of the present Act are not carried forward into the proposed legislation in respect of amounts accumulated by the trust after 1971. Instead, these provisions are to be replaced by averaging provisions which, for purposes of members of deferred profit sharing plans, appear to be quite inadequate. In this regard transitional provisions are to be introduced to permit employees to take advantage of an averaging provision equivalent to Section 36 of the present Act in respect of amounts accumulated in the trust up to December 31, 1971. However, if such an election be made by an employee, he cannot avail himself of either of the

proposed averaging provisions (general or forward) in respect of that portion of the amount accumulated in the trust after December 31, 1971. Also, in future years, the transitional rule will be of diminishing benefit.

The general and forward averaging provisions available under the proposed legislation are not only much less generous than the elective provision under section 36 of the present Act, but the requirement to purchase an income averaging annuity in order to obtain forward averaging in effect removes the basic purpose of a deferred profit sharing plan, i.e. the accumulation of a lump sum on retirement.

In the opinion of your Committee, the effect of the proposed legislation will be to legislate these plans out of existence. Relief should be granted; the most appropriate means of achieving this relief is by the application of capital gain rules to the property of the trust.

YOUR COMMITTEE RECOMMENDS the following:

1. that any amount distributed by the trustee of a deferred profit sharing trust out of capital gains realized by the trust should qualify for capital gains treatment in the employee's hands;

2. that where property is distributed in specie to an employee by the trustee, the trustee should be deemed to have disposed of the property for proceeds equal to its "cost amount" (as defined) to the trust;

3. that the employee should be deemed to have acquired the property at the "cost amount" to the trust; and

4. that the employee should not be taxed until he ultimately disposes of the property, at which time any gain should be accorded capital gain treatment.

DEEMED DISPOSITION ON CEASING TO BE A RESIDENT OF CANADA

One of the provisions of the proposed legislation which has occasioned widespread concern is the Government's proposal that taxpayers who emigrate from Canada will be deemed for capital gains purposes to have disposed of all of their capital assets (other than "taxable Canadian property") for an amount equal to the fair market value of the property at the date of their departure. Any taxable capital gain (or allowable capital loss) determined by reference to such fair market value must then be taken into account in computing the emigrant's income for tax purposes for the year in which he ceases to be a resident.

One of the effects of these provisions is that a taxpayer who leaves Canada to take up residence abroad will often be subject to double taxation—first in Canada in the year in which he ceases to be a resident and secondly in his new country of residence in the year in which he ultimately disposes of the property. This will occur if the foreign country imposes tax on capital gains (but does not have a provision similar to that contained in the proposed legislation to the effect that there is a deemed acquisition on becoming a resident) and if the tax payable in one country is not available as a credit against the tax payable in the other. The only possible relief in such a situation would be by way of tax treaty and, in your Committee's opinion, this type of relief is unlikely as we know of no other country which uses an accrual basis of accounting for capital gains upon entering or leaving the country. Failure to provide adequate relief runs counter to the principle in our law that doulbe taxation is to be avoided.

The proposed legislation does provide an alternative to the foregoing. Instead of paying tax on his deemed gains as aforesaid, the taxpayer may elect to defer taxation until the year in which the gains are actually realized. However, if such an election is made, the taxpayer will be subject to Canadian income tax in the year of realization on his world income for that year (and not simply on the capital gain) to the same extent as if he were still a resident in Canada. This alternative will often prove unduly harsh insofar as it applies to persons who are not in fact resident in Canada when the gain is realized. For example, a taxpayer who has ceased to be a resident of Canada may find himself in the position of having to pay a substantial amount of Canadian income tax under these provisions in the year in which such a gain is realized even though the amount of the gain be nominal.

Your Committee notes that the problem alluded to in the preceding paragraph only arises in respect of property other than "taxable Canadian property". It is important to realize that a taxpayer who leaves Canada and who has assets consisting of "taxable Canadian property" is not subject to the aforementioned rule. When he subsequently becomes a non-resident, he may dispose of his "taxable Canadian property" and, although subject to tax, the tax is calculated on the basis that he has no income other than his gain on the disposition of his "taxable Canadian property". Unless the taxpayer is otherwise deemed to be a resident of Canada, it is obvious that this rule has quite different tax effects from those which would apply is the same taxpayer also had property other than "taxable Canadian property". In the latter situation, the taxpayer will be subject to Canadian income tax in the year of realization on his world income. Your Committee does not appreciate the necessity for such a difference in tax treatment.

There are other anomolies such as the lack of carry-forward provisions in the event of capital losses.

Your Committee also considers it unfortunate that no allowance has been made in these provisions for the many exceptional circumstances which are bound to occur; for example, where the taxpayer is forced to leave Canada for health reasons or by reason of a transfer abroad at the request of his employer.

YOUR COMMITTEE RECOMMENDS:

1. that provision should be made to enable the Minister of National Revenue to grant relief if, in his opinion, hardship will result and the departure is occasioned

(*a*) by reason of illness;

(*b*) by reason of the transfer of an employee at the direction of the employer; or

(*c*) by any other reason which the Minister considers deserving of relief.

2. that when a taxpayer ceases to be a resident of Canada he should be deemed to have disposed of all his capital assets, wherever situate, for an amount equal to fair market value and that a fixed rate of tax, say of 20 per cent, be levied on any gains at that time; and

3. that if the taxpayer elects to defer payment of tax as provided for in the proposed legislation, he should not be obliged to pay Canadian income tax on his world income if he is not in fact resident in Canada in the year of realization; instead, all of the capital property owned by the taxpayer at the date of his departure should be deemed to be "taxable Canadian property" and the taxpayer should be subject to tax on any taxable capital gains realized in respect thereof in the same manner as other non-residents.

GIFTS, BEQUESTS AND DEVISES TO CHARITIES—DEEMED REALIZATION

The proposed legislation provides that all capital property (other than depreciable assets) owned by a taxpayer at the date of his death will be deemed to have been realized at its then fair market value and any capital gain or loss shall be included in income for that taxation year. In the case of depreciable property, there will be a deemed realization at midway between fair market value and undepreciated capital cost. A similar rule is proposed in respect of gifts inter vivos. There is an exception to the general rule where assets are transferred on death or by way of inter vivos gift to a spouse or to certain trusts in favour of a spouse. In the latter circumstances, the transferee is considered to have acquired the property at an amount equal to the "cost amount" of the property to the transferor.

Your Committee is concerned that no exception has been made in respect of gifts, bequests or devises to registered charitable organizations or to other similar tax-exempt organizations. By way of contrast, gifts, bequests and devises to such organizations are not subject to tax under the present Estate Tax Act nor under the provincial succession duty Acts. Your Committee therefore considers it unreasonable that a taxpayer should be subject to an income tax on a deemed realization when making a gift, bequest or devise to a charitable organization or to other similar tax-exempt organizations.

Your Committee appreciates that, in some circumstances, it may be more beneficial from an income tax point of view to accept a deemed realization of an amount equal to the fair market value of the subject matter of a gift and claim a deduction for the full market value thereof. On balance, however, your Committee believes that the legislation should be neutral in respect of any tax benefits resulting from the making of a charitable gift (except as otherwise provided).

YOUR COMMITTEE RECOMMENDS that the proposed legislation be amended to provide that, where capital property is transferred to a charitable organization or other similar tax-exempt organization by way of gift, bequest or devise, the taxpayer will be considered to have disposed of the property for an amount equal to the "cost amount" thereof to him.

MINING AND PETROLEUM

Since the majority of provisions of the proposed legislation affecting the resource industries are to be implemented by amendments to the Income Tax Regulations, most of the comments which follow refer to the news release of the Department of Finance dated July 6, 1971. That document outlines the regulations proposed to apply to the mining and petroleum industries.

A. Earned Depletion

The proposed legislation will remove the automatic 33 1/3 percent depletion presently permitted under the Income Tax Act; it is to be phased out gradually over the next 5 years. Automatic depletion will be replaced by the concept that depletion must be earned by incurring exploration and development expenditures. The formula adopted will be that for every $3 of eligible expenditures made after November 7, 1969 a taxpayer would earn the right to deduct $1 of depletion in computing his taxable income after 1976, subject to a maximum of 33 1/3 percent of net production profits.

The proposed regulations define expenditures which will be eligible to earn depletion as including the following:

(*a*) Canadian exploration and developments expenses, except for:

(i) the acquisition cost of Canadian resource properties,

(ii) costs in respect of such community and transportation facilities as houses, schools, hospitals, sidewalks, roads, sewers, sewage disposal plants, airports, docks and similar property (other than a railroad not situated on the mine property) acquired to establish community and transportation facilities necessary for the operation of the mine,

(iii) Canadian exploration and development expenses in the vicinity of the mine after it came into production, and

(iv) interest on funds required to finance exploration, prospecting and development.

(*b*) New depreciable mine assets (ie. a building except an office building that is not situated on the mine property; mining machinery and equipment; and electrical plant set forth in Class 10 of Schedule B by virtue of subsection 1102 (9) of the Income Tax Regulations in connection with a new mine or a major expansion of an existing mine), and

(*c*) Expenditures on new buildings and machinery, to the extent that they are to be used to process ore from Canadian mineral resources beyond the stage to which they were previously processed in Canada, up to but not beyond the prime metal stage or its equivalent.

Expenditures for the acquisition of Canadian resource properties should, in the opinion on your Committee, qualify to earn depletion. The acquisition of such properties is an integral part of exploration and development expenditures: indeed it is the first step in any exploration or development program. Your Committee recognizes, however, that the inclusion of the cost of Canadian

resource properties as expenditures which would be eligible to earn depletion would require that safeguards be inserted into the proposed legislation to prevent the buying and selling of such properties between related taxpayers to artificially earn depletion. One suggestion would be to deduct $1 of the transferor's earned depletion for each $3 of proceeds of disposition. If the transferor had no earned depletion capable of the reduction, it could be subject to recapture of depletion previously allowed.

Following the publication of the White Paper on Tax Reform, the Department of Finance issued a news release dated August 26, 1970 which contained a letter from the Minister of Finance to the provincial ministers of finance and treasurers. That document stated that the government was "prepared to propose three further important changes affecting the taxation of the mining industry".

The first two changes were to widen the definition of expenditures which would qualify for "earned depletion" to include

(1) "the costs of new facilities located in Canada to process mineral ores to the prime metal stage or its equivalent"; and

(2) expenditures "for mine buildings, and machinery and equipment acquired in connection with a major expansion of an existing Canadian mine. This extension would put the major expansion of an existing mine on a roughly comparable tax footing with the opening of a new mine."

Your Committee heard evidence of expenditures of the type set forth in that letter which were incurred by reason of the acceptance by mining companies of the above-proposed changes. In your Committee's view, the mining industry was entitled to accept the government's proposals at their face value, namely as being "further important changes affecting taxation of the mining industry". In effect the government represented that the changes proposed in its news release of August 26, 1970 would be implemented in legislation and Regulations so that the mining industry might more immediately undertake the opening of new mines and the major expansion of existing mines in the interest of expanding employment and the national economy. One witness stated that his company had incurred expenditures of $120 million in expanding its production facilities, $30 million of which were spent on major smelter and refinery expansions. The Company made public its reliance on the August 1970 changes to the White Paper when it announced that expansion. The government did not at that time contradict what was apparently the clear intention of its news release.

However in the proposed regulations released on July 6, 1971 there appears the statement that "expenditures on *new* buildings and machinery, to the extent they are to be used to process ore from Canadian mineral resources beyond the prime metal stage or its equivalent" would be eligible to earn depletion. The restriction to "new" buildings and machinery appears to contradict directly the government's August 26, 1970 proposal to permit expenditures for "mine buildings and machinery and equipment acquired in connection with a major expansion of an existing Canadian mine" to earn depletion.

Your Committee heard evidence that officials in the Department of Finance have stated that their interpretation of the proposed regulations would render ineligible for earning depletion, expenditures on a major expansion of existing facilities. Their alleged interpretation will require eligible buildings to be new from the ground up. However since your Committee has not yet heard any witnesses from the Department of Finance, it has set out the facts in connection with

(1) the news release by the Minister of Finance on August 26, 1970 proposing additional changes to widen the definition of expenditures that can qualify for earned depletion;

(2) the proposed Regulations released on July 6th, 1971 by which such proposed changes would be administered;

(3) the interpretation allegedly put upon the language of the Minister's proposal of August 26th, 1970 substantially limiting its scope; and

(4) evidence submitted that it was only following the Minister's widening of the proposed scope of the definition of earned depletion that projects involving substantial expenditures became feasible.

YOUR COMMITTEE RECOMMENDS that serious consideration be given to the situation presented by this set of facts.

In any event, your Committee believes that if the government's intention be to encourage additional processing in Canada, all expenditures on structures and machinery incurred to increase Canadian processing facilities should qualify to earn depletion. Companies which cannot afford to construct elaborate smelting and refining facilities as part of their initial investment should not be penalized if subsequently they expand their existing processing facilities. Nor should the construction of custom smelters and refineries be denied this incentive to the extent that they process foreign ores.

In the White Paper on Tax Reform, at page 67, the Department of Finance proposed that expenditures "on exploration for or development of mineral deposits in Canada" be eligible to earn depletion. The August 26, 1970 News Release reiterated the White Paper proposals in this regard. However the proposed regulations issued July 6, 1971 exclude the four above-noted categories of Canadian exploration and development expenses which will be eligible to earn depletion. Your Committee heard numerous submissions urging that these exclusions be eliminated.

The company engaged in the $120 million expansion programme referred to above incurred $10 million of expenditures on development of an existing open pit mine by stripping waste rock, only to discover that expenditures eligible to earn depletion are now to exclude "Canadian exploration and development expenses in the vicinity of a mine after it came into production".

Other witnesses stated that such an exclusion would penalize small mines that have insufficient capital to enable them to complete their total exploration before bringing a property into production. Your Committee feels that this particular exclusion is not warranted. The gov-

ernment may be concerned with the difficulty of determining whether an open pit or underground operation is exploration or actual mining. YOUR COMMITTEE CONSIDERS that to be a question of fact to be decided in each case, and does not consider that problem to be sufficiently burdensome to warrant excluding any *bona fide* exploration from being eligible to earn depletion.

Your Committee is of the opinion that the risks of the oil and gas industries are of sufficient magnitude to require that depreciable property such as production equipment and natural gas plants be eligible to earn depletion in the same manner as mining machinery and equipment are treated in the case of new mines and major expansions of existing mines. At a time when the cost of production equipment (such as drilling and production platforms) required for the development of off-shore and far-north petroleum and gas properties will be enormous (likely double and triple present costs), YOUR COMMITTEE RECOMMENDS that those and similar expenditures qualify to earn depletion.

In order to encourage the development of remote areas of Canada, YOUR COMMITTEE RECOMMENDS that the cost of social capital and transportation facilities be eligible to earn depletion. Those expenditures, when incurred in remote regions, can form a major portion of total exploration and development costs and are essential to the operation of a mine. Without such expenditures there could be no development of the property.

The exclusion from eligibility to earn depletion of interest on funds required to finance exploration projects can only penalize smaller companies with limited capital. YOUR COMMITTEE THEREFORE RECOMMENDS that the cost of borrowing money to be used to finance exploration qualify to earn depletion.

In summary YOUR COMMITTEE RECOMMENDS that all "Canadian exploration and development expenses" as defined in the proposed legislation should earn depletion, as should depreciable mine assets (whether new or used), depreciable production equipment and natural gas plants in the petroleum and natural gas industries, and expenditures on new buildings and machinery as well as on expanded buildings and machinery, to the extent that they are to be used to process ore from any mineral resources beyond the stage to which they were previously processed in Canada, up to but not beyond the prime metal stage or its equivalent. Therefore any expenditure which is required to reduce the profit from which depletion may be deducted should qualify as an eligible expenditure.

In the event that your Committee's recommendation in this regard be not adopted, an alternative (but less satisfactory) treatment would be to permit the expenditures enumerated above to be deducted from income by resource companies for purposes of computing their taxable income, but to stipulate that such expenditures would not reduce their production profits from which earned depletion is deductible. In other words if the expenditures in question are not to be permitted to earn depletion, they ought not to reduce the base on which depletion is calculated; however they should remain deductible in computing taxable income.

YOUR COMMITTEE RECOMMENDS that the transitional period required to convert from automatic depletion to earned depletion be extended to 1980. Alternatively, companies should be permitted to "bank" eligible expenditures whenever incurred (that is, including expenditures incurred prior to November 7, 1969) after deducting from such "bank" all depletion previously allowed. Expenditures made prior to November 7, 1969, (which is the date prescribed by the proposed regulations as being the date after which companies can accumulate expenditures which will qualify to earn depletion) were incurred on the basis that automatic depletion would be available. Accordingly those expenditures should at least be included in the computation of earned depletion.

B. Accelerated Capital Cost Allowance

The three-year exemption from tax of profits derived from the operation of a new mine is to be withdrawn on December 31, 1973. It will be replaced by an accelerated write-off of specified capital equipment and facilities. The proposed regulations provide that the following types of *new* depreciable assets acquired before a new mine comes into production and for the purpose of gaining or producing income from the mine (including income from the processing of mineral ores up to the prime metal stage or its equivalent) will qualify for accelerated capital cost allowance:

1. a building (except an office building that is not situated on the mine property),

2. mining machinery and equipment,

3. electrical plant that would otherwise be included in Class 10 of Schedule B by virtue of sub-section 1102 (9) of the Income Tax Regulations, and

4. houses, schools, hospitals, sidewalks, roads, sewers, sewage disposal plants, airports, docks and similar property (other than a railroad not situated on the mine property) acquired to establish community transportation facilities necessary for the operation of the mine.

Depreciable property of the type listed in clauses (1), (2), and (3), will also qualify for the accelerated capital cost allowance where it is acquired in the course of the major expansion of an existing mine and before the commencement of production at the higher level of capacity. For this purpose a major expansion will be considered to have taken place if the productive capacity of the *mine mill* is increased by at least 25 per cent.

The proposed regulations will enable both new mines and existing mines engaged in major expansion programmes to claim accelerated capital cost allowance on specified types of "new depreciable assets", provided they be acquired before the mine came into production (or, in the case of major expansions, before production at the increased capacity commences). The purpose of this incentive appears to be to promote increased development of new and expanded mines, rather than to encourage the purchase of new assets instead of used assets. YOUR COMMITTEE CONSIDERS that if a company decides that it should, for economic and business reasons, pur-

chase used assets rather than new ones, the cost thereof should be eligible for the accelerated capital cost allowance.

In addition your Committee sees no reason to limit this incentive to assets acquired *before* production begins. That restriction places at a severe disadvantage those mines with insufficient financing to defer the commencement of production until after all of the qualifying assets have been acquired.

Similarly many "new" mines cannot afford to build a smelter or a refinery immediately. If a smelter or refinery were added after a mine had established itself, the addition would not appear to qualify as a "major expansion", since that term is defined in the proposed regulations to mean an increase by 25 per cent in the productive capacity of the "mine mill". Your Committee is of the opinion that new or used smelting and refining assets, whenever acquired, should be eligible for accelerated capital cost allowance. This will help to promote increased processing of minerals in Canada.

Your Committee also wishes to draw attention to the following items which, although technical, do merit serious consideration:

(*a*) an expenditure which the proposed regulations describe as a "building (except an office building that is not situated on the mine property)" should be amended to include other "structures" to make it clear that dams, conveyor trussels, tanks and sub-structures will qualify for accelerated capital cost allowance;

(*b*) the phrase "mining machinery and equipment" should be amended to read "mining and processing machinery and equipment" to accord with the preamble to the proposed regulations. The preamble states that various assets acquired for the purpose of producing income from the mine, "including income from the processing of mineral ores up to the prime metal stage or its equivalent" would be eligible for fast write-off;

(*c*) the definition of the social capital transportation costs which will qualify for accelerated capital cost allowance should be re-phrased by stating the general categories of expenditures which are to qualify. That general principle should be followed by an enumeration of particular items which would not restrict the generality of the guiding principle. As presently worded, the proposed regulations would appear to exclude dams, lighting installations and water lines, for example;

(*d*) social capital and transportation costs incurred on a major expansion of an existing mine logically should qualify for fast write-off to the same extent as buildings, machinery and equipment; and

(*e*) the definition of "major expansion of an existing mine" should be revised to include a 25 per cent increase in the productive capacity of a mine or mill. On occasion the output of a mine could increase by 25 per cent without a corresponding increase in mill capacity (for example, where ore is custom milled). It is seldom that ore is custom milled outside Canada.

C. Transfers of Resource Properties

Under present law, mining properties and royalty interests are treated as capital assets. That is, their acquisition cost is not deductible and proceeds on their sale are not taxable. However, since 1962 the acquisition cost of oil and natural gas rights have been deductible as exploration and development expenses, and proceeds on their disposal have been fully taxable.

The proposed legislation will, following an eight-year transitional period, require the inclusion in income of the entire proceeds of sale of all Canadian resource properties. Correspondingly, the cost of acquiring such properties will be deductible from income.

YOUR COMMITTEE RECOMMENDS that the transfer of Canadian resource properties between related companies should be permitted to occur without incidence of tax.

DEFERRED RECOGNITION OF CAPITAL GAINS (ROLLOVERS)

With the introduction of taxation of capital gains in Canada, provisions must be made for the deferring of tax in appropriate circumstances such as where there is no change in economic interest. The proposed legislation duly recognizes this and contains a number of provisions to defer the tax on gains. The principal ones are:

1. Involuntary dispositions where property has been destroyed or expropriated and the compensation received is used before the end of the following taxation year to replace the property.

2. The conversion of convertible bonds, debentures and notes for shares of the same corporation or bonds for bonds from the same debtor.

3. The transfer of assets to a corporation if the tranferor (which may include a partnership) owned at least 80 per cent of each class of the corporation's capital stock immediately following the transfer. This deferral is subject to a number of limitations and restrictions.

4. The transfer of capital property to a spouse or to specified classes of trusts for the benefit of a spouse.

5. The transfer of property by a partner of a Canadian partnership to the partnership. This deferral is also subject to certain restrictions and limitations.

6. The transfer of partnership property to a member of the partnership provided that the transferee subsequently carries on the business formerly carried on by the partnership.

7. The liquidation of a wholly-owned Canadian subsidiary into its Canadian parent corporation.

8. The disposition of shares on the reorganization of a corporation's share capital to the extent that any money or property (other than shares of the corporation) received by the shareholder does not exceed the adjusted cost base of the shares disposed of in the course of the reorganization.

9. The disposition of shares upon the amalgamation of two or more corporations provided that

(*a*) where preferred shares are disposed of, the shares of the successor corporation which the share-

holder receives in exchange therefor have substantially similar rights and conditions as the preferred shares which were exchanged, and

(*b*) where common shares are disposed of, the shareholders of the predecessor corporation receive in total at least 25 per cent of the issued common shares of the successor corporation.

Your Committee is of the opinion that the aforementioned rules which provide for deferred recognition of capital gains (rollovers) are of assistance but are not adequate. A tax system should not impede transfers of properties in bona fide legitimate business transactions. Sound management decisions often dictate that transfers of capital property be made between related groups of corporations for example, transfers of unused equipment from one subsidiary to another which could employ it more efficiently. Unfortunately the proposed legislation imposes a barrier to such transactions unless the corporation is willing to pay the tax on a deemed gain or is willing to assume a non-allowable capital loss. There is no valid reason for imposing penalties in circumstances such as this especially when appropriate safeguards have been incorporated in the proposed legislation to disallow superficial losses and to block artificial transactions and tax avoidance.

Your Committee fails to understand why the Government has departed from the ground rules it laid down in its own White Paper on Tax Reform, which read on page 42, paragraph 3.43:

"The government believes that there are some situations in which it would be unfair to collect a capital gains tax even though the taxpayer has sold or otherwise disposed of an asset at a profit. These situations fall into two broad classifications—those where there is a forced realization and those where there has been no change of underlying ownership even though there has been a sale."

Provided that there is no change in economic interest, no deemed realization should occur in any circumstances where, for example,

(*a*) there is a forced transfer,

(*b*) corporate reorganizations occur,

(*c*) property is transferred to a corporation by its "incorporators"—the proposed legislation restricts deferral to those situations where the transferor (which may include a partnership) transfers property to an 80 per cent controlled corporation,

(*d*) there is a transfer of assets to a business trust.

The Committee believes that there are other transactions which are as equally entitled to a deferral as those specified in the proposed legislation and suggested above. It is not possible for your Committee to envisage all of the transactions which should be accorded deferred gain treatment, therefore:

YOUR COMMITTEE RECOMMENDS that the tax-free deferral provisions be broadened to the greatest extent possible to include all situations where underlying ownership remains the same. Because it is impossible to foresee all of the situations in which deferrals should be permitted, it may be appropriate to authorize the Minister of National Revenue to expand the deferral provisions by way of Regulation as the need for such provisions becomes apparent, perhaps requiring prior approval as a condition of obtaining the benefit of a tax-free deferral.

DESIGNATED SURPLUS

Your Committee has noted that the concept of "designated surplus" is to be retained in the proposed legislation. This concept was originally introduced into the present Act in 1950 to prevent taxpayers from being able to distribute their corporate surplus free of tax. Prior to the enactment of these provisions, it was possible to arrange to receive a corporation's undistributed income in the form of a non-taxable capital gain through the relatively simple expedient of selling the shares of a surplus-laden corporation to another corporation which could then distribute the surplus of the first corporation free from income tax.

In order to offset any advantage to this kind of transaction, provisions were enacted to the effect that, where one corporation acquired control of another, the surplus or retained earnings on hand in the controlled corporation at the end of the taxation year immediately before control was acquired was designated and any dividends paid out of such surplus became taxable to the receiving corporation.

As events have shown the designation of corporate surplus was not entirely satisfactory and in 1963 a further provision was enacted known as Section 138A, whereby the receipt of amounts by a vendor of shares should be construed as a dividend and could be taxable as such in his hands. With the introduction of Section 138A it might have appeared that the designation of corporate surplus was no longer necessary, but it was nevertheless retained.

In considering the need for retaining the designated surplus provisions, your Committee notes that the tax savings that might be achieved under present law in the absence of designated surplus provisions could be as great as 60 per cent of the surplus involved (i.e., tax at the 80 per cent maximum rate of personal income tax less the 20 per cent dividend tax credit). The proposed inclusion of one-half of capital gains in ordinary income combined with the proposed reduction in the maximum rate of personal income tax and the change in the dividend tax credit system will substantially reduce the amount of tax saving which could be achieved by converting corporate surplus into a capital gain. Therefore, there is not the same need for the designated surplus provisions under the proposed legislation as there is under the present Act.

Despite this, various amendments have been made to these provisions which will effectively deter many valid corporate reorganizations. An example of this tightening of the designated surplus provisions is the deeming of a dividend to have been paid out of designated surplus in the event of a vertical amalgamation, e.g. the amalgamation of a parent and its subsidiary.

Having regard to the reduced need for the designated surplus provisions and the obstacles which these provisions place in the way of bona fide corporate reorganizations, these provisions should be eliminated; particularly in view of the fact that Sections 137(2) and 138A(1) of the present Income Tax Act, with which the Department of National Revenue has successfully attacked dividend stripping arrangements, are to be carried forward into the proposed legislation. It would also appear desirable for the purpose of simplification that your Committee give consideration to the abandonment of designated surplus, particularly when the proposed legislation is introducing so many new types of surpluses.

It might also be relevant to note that since the deemed dividend provisions of the proposed legislation do not apply to foreign corporations, Canadians who control such corporations will be able to convert corporate surplus into a taxable gain. There is therefore some precedent in the proposed legislation for eliminating the designated surplus concept. However their counterpart Canadian corporations will be refused such a treatment.

YOUR COMMITTEE RECOMMENDS that the special taxes which are to be levied on dividends paid or received out of a corporation's designated surplus be withdrawn.

It is recognized that the elimination of tax on dividends paid out of designated surplus will presumably require amendments to the proposed legislation to provide that these dividends will reduce the cost base of shares for eventual capital gains purposes. It may also be necessary to provide that a corporation which wishes to make a distribution of pre-1972 designated surplus will be required to "tax pay" amounts distributed from such surplus by paying the special 15 per cent tax relating to 1971 undistributed income.

Recent amendments to the proposed legislation were tabled pertaining to the definition of designated surplus. One of the effects of these amendments would be to designate the undistributed income on hand of a corporation the control of which changed prior to the end of its 1972 taxation year. This would appear to mean that an amalgamation which was effected before 1972 would result in the designation of the entire surplus of each of the amalgamating corporations. Such designation of surplus would carry over into the amalgamated corporation.

Your Committee considers that such a result could not have been intended, and it desires to voice its disapproval of designated surplus in general and this amendment in particular.

CONSOLIDATED RETURNS OF INCOME

The question of consolidated returns of income by related corporations is not a new one, having been raised many times in the past. In point of fact this concept was part of our taxation law for some 20 years, between the periods of 1932 and 1952. The apparent reason for its introduction into the law during that period, was the absence of business loss carry forward provisions and as a result, qualified corporate groups were permitted to consolidate their incomes and thus absorb their losses on a current basis. In effect, these corporations were prepared to be associated for income tax purposes as if they were a single entity.

In 1952, with the introduction of provisions allowing taxpayers to a business loss carry-over, it was believed that there was a reduced need for consolidated returns of income by corporate groups and the concept was therefore abandoned. There is also some suggestion that the decision was dictated by administrative convenience.

In appreciating this matter it is noted that for some period of time we have also had in our law the concept known as associated corporations. In order to assist small business corporations, provision was made in the income tax law for a dual rate of corporate tax. That is, the corporation was subject to tax at one rate on a defined amount of taxable income and at a higher rate on any taxable income in excess of this amount. However, it was decided that corporations which formed part of a related group (as defined) should be considered to be associated and that one corporation in the group should be entitled to the lower rate of tax or, alternatively, that the amount eligible for the lower rate should be allocated amongst the group. These associated corporation rules were for the purpose of determining the applicable tax rate and did not permit the application of current losses from one corporation to another within the group.

Throughout the years, extensive rules have been enacted for the purpose of deeming corporations to be associated. Under the present provisions, the Minister of National Revenue is also entitled, in his discretion, to treat corporations as associated. The effect of these provisions is to associate corporations who would not otherwise wish to be associated.

In the opinion of your Committee it appears somewhat incongruous that there exist situations wherein some related corporations wish to be associated, and other related corporations do not. To this end, the concept of the consolidated return of income provided a vehicle for the former while the concept of the associated corporation provided the vehicle for the Minister of National Revenue in respect of the latter. The difficulty is that upon the abandonment of consolidated return of income provisions, the former group continue to be associated corporations without the ability to apply current losses from one corporation to another.

Your Committee recognizes the fact that separate corporations must often be created for various commercial purposes. In some cases, provincial or federal laws will require separate corporations to be established. These corporations are nevertheless in substance part of the same corporate family and their financial consolidation should therefore be duly recognized.

While the loss carry-over provisions permit application by each corporation of current losses to other taxation years, nevertheless, the immediate application of such losses to the income of other corporate members of the group is a more realistic view of the situation. Your Committee recognizes the basic principle that profits of one member of a group should be used to reduce the losses of another member of the group. This principle has been duly recognized in the United States.

Because of the restricted number of rollover provisions in the proposed legislation and the resulting difficulty which will be encountered in merging the operations of a related corporate group, your Committee believes that it is essential that corporations should be permitted to file consolidated returns of income, if they so elect.

The Committee has made this suggestion on previous occasions. This view has been reinforced by other notable committees, commissions and professional bodies, including the House of Commons Committee on Finance, Trade and Economic Affairs, the Royal Commission on Taxation (Carter), the Canadian Bar Association and the Canadian Institute of Chartered Accountants.

YOUR COMMITTEE RECOMMENDS that provision be made in the proposed legislation to permit corporations which are members of a qualifying group to elect to file on a consolidated return of income basis. If it is found that such a provision is impractical; YOUR COMMITTEE RECOMMENDS that consideration be given to the introduction of a scheme of subvention payments similar to that formerly used in the United Kingdom.

CONSTRUCTION INDUSTRY

Your Committee has studied the representations made by this industry and has come to the conclusion that two major points should be modified in the proposed legislation.

The first one relates to the reporting of income and arises from the fact that it is extremely difficult to determine the annual income from contracts such as stipulated sum contracts of more than one year's duration. For this reason, the construction industry has historically reported income on the completed contract method of under two years' duration. This method has been approved by the Minister of National Revenue as a matter of administrative practice. However, there is no statutory authority for this method of reporting income and the taxpayer has accordingly no right of appeal if the Minister refuses in any given situation to accept this method of reporting.

The second problem raised relates to the fact that the description of assets falling within class 12(*h*) and class 22 of Schedule B to the present income tax regulations is unduly restrictive in respect of the conditions referred to therein. It is the view of your Committee that the conditions set forth in these classes do not reflect present-day prices for the purpose of class 12(*h*) and that a more extended definition should be provided for the equipment to be included in class 22.

YOUR COMMITTEE RECOMMENDS

1. That the completed contract method on fixed sum contracts of under two years' duration should be incorporated in the proposed legislation as an accepted method to determine a construction business' taxable income for a year.

2. That special attention be given in regulations to be issued concerning capital cost allowance related to the construction industry in order to remove unnecessary restrictions and to expand its application.

CAISSES POPULAIRES AND CREDIT UNIONS

Under the proposed legislation, caisses populaires and credit unions will no longer be exempt from tax. Instead, it is proposed that these organizations will be taxed in substantially the same manner as other private corporations. As such, they will be entitled to take advantage of the small business deduction to the extent allowable to other private corporations.

One of the defects of the proposals originally put forward by the Government was that the provisions relating to the small business deduction failed to give recognition to the constraints that are placed upon caisses populaires and credit unions by their governing legislation. These organizations are required by law to set aside an annual mandatory reserve, no part of which may at any time be distributed amongst the organization's members. In addition, they may set aside such additional reserve as they consider necessary to assure their financial stability. Like the mandatory statutory reserves, these voluntary reserves cannot be distributed to members.

In considering the effect of the original tax proposals on these organizations it should be recognized that amounts set aside as reserves annually pursuant to the relevant governing legislation are not allowed as a deduction in computing income for tax purposes. These reserves should not be confused with the allowances which caisses populaires and credit unions will be allowed to claim as a deduction under the proposed legislation in respect of their outstanding loans and investments.

In view of such statutory restrictions, these organizations are unable to distribute all of their after-tax income by way of dividend and are therefore unable to perpetuate the small business deduction in the same manner as other private corporations. Having duly considered the representations submitted by these organizations, your Committee concluded that the following recommendation should be put forward:

> That caisses populaires and credit unions should not be required to include in their "cumulative deduction account" (for purposes of determining the available balance of their total business limit of $400,000) such portion of their taxable income as is set aside in the year as a reserve to the extent that such reserve is not available for distribution to members. This should be subject to the further limitation that no recognition be given to any such reserve to the extent that the total amount set aside does not exceed, say, 5 per cent of the organization's total deposits and share capital at the commencement of the year.

The effect of the amendments which the Government recently tabled in this regard is to alleviate, at least in part, some of the problems which confronted these organizations under the original proposals. We commend the Government for introducing these amendments. However, as the effect of these amendments differs somewhat from the afore-mentioned recommendation, YOUR COMMITTEE RECOMMENDS that this matter be given further consideration by the Government.

ADMINISTRATION AND ENFORCEMENT

Your Committee has had referred to it several provisions of the proposed legislation relating to enforcement. Your Committee concurs with attempts to protect the rights of taxpayers whose affairs are under investigation. The Committee is concerned however, that these attempts have not gone far enough, and furthermore, that other existing defects have not been dealt with.

Under the proposed legislation the power of holding an inquiry pursuant to the Inquiries Act is continued. Nevertheless, the changes proposed permit:

(*a*) the hearing officer to be appointed by the Tax Review Board upon the application of the Minister of National Revenue,

(*b*) the person whose affairs are being investigated is entitled to be present, and to be represented by counsel, and

(*c*) the hearing officer may, upon application by the Minister, exclude the person whose affairs are being investigated, and his counsel, if their presence would prejudice the conduct of the inquiry.

Your Committee has also noted that in matters of evasion, if the Minister of National Revenue has elected to proceed by way of a criminal prosecution, no liability for any ministerial penalty may be levied *unless* such penalty was assessed *prior* to the laying of the information or complaint.

Finally, the saving provision relating to the prevention of double ministerial penalties as found in Section 56, ss 3 of the present legislation, is omitted from the proposed legislation.

YOUR COMMITTEE RECOMMENDS the following:

1. that in respect of inquiries into the affairs of a taxpayer under the proposed legislation:

(*a*) the appointed hearing officer should not be an official of the Department of National Revenue,

(*b*) the taxpayer whose affairs are being investigated should be entitled either personally or through counsel, to cross-examine all witnesses and should also be entitled to receive a copy of the transcript of all evidence taken at such inquiry, and

(*c*) any order excluding from an inquiry the taxpayer whose affairs are being investigated, or his counsel, should be subject to immediate review by a judge of the Federal Court of Canada;

2. that the double jeopardy provision should be expanded so that if the Minister of National Revenue elects to proceed against a taxpayer by way of information or complaint, the Minister cannot as well levy a ministerial penalty; or, conversely, if the Minister elects to proceed against a taxpayer by way of ministerial penalty, the Minister cannot as well commence criminal proceedings by way of information or complaint; and

3. that the saving provision contained in Section 56, ss 3 of the present Act be introduced into the proposed legislation.

VALUATION DAY

With the introduction of a capital gains tax in Canada, it is essential that such a tax should not apply to any portion of ultimate proceeds of disposition which represent simply a recovery of original cost. This was the error of the White Paper when it originally proposed that capital property should generally be valued at fair market value at Valuation Day.

To some extent the foregoing error has been corrected by the introduction of the concept popularly referred to as the "tax-free zone". Gains will be included for taxation purposes only to the extent that the proceeds exceed the higher of actual cost and Valuation Day value, and losses will be deductible only to the extent that the proceeds are less than the lower of actual cost and Valuation Day value.

Your Committee commends the Government for introducing this concept in the proposed legislation. However, the Committee regrets that the Government did not see fit to provide that property acquired by a taxpayer prior to June 18, 1971 by way of gift, bequest or devise should be deemed to have been acquired at a cost equal to the fair market value of the property at date of acquisition. Such a provision would be inconsistent with the proposed treatment of property so acquired after December 31, 1971.

YOUR COMMITTEE RECOMMENDS that provision be made in the new law to the effect that property acquired by way of gift, bequest or devise prior to June 18, 1971 be deemed to have been acquired at an amount equal to its fair market value at date of acquisition for the purpose of calculating any taxable gain but not for the purpose of calculating any allowable loss.

EPILOGUE

The foregoing sets forth the observations, opinions and recommendations of your Committee on the briefs presented and witnesses heard up to and including the 27th day of October, 1971. It is therefore of a preliminary nature only.

Your Committee intends to present a second report after the termination of its hearings covering submissions made subsequent to October 27, 1971.

Some of the topics with which your Committee intends to deal in its second report are:

1. professional income on an accrual basis,

2. new rules applicable to partnerships and to trusts and their beneficiaries,

3. the treatment of mutual funds, investment corporations and clubs,

4. investment income of private corporations,

5. Canadian income of non-residents such as withholding tax, branch tax, non-resident owned investment corporations, capital gains of non-residents,

6. corporate distributions,

7. natural resources (other than those already dealt with) for example the pulp and paper industry,

8. mutual funds (registered retirement savings plan),

9. treatment of income of insurance companies

10. the ability of recipients of all forms of lump sum payments to avail themselves of general and forward averaging even though they elect the equivalent of section 36 averaging in respect of the pre-1972 portion of such payments.

11. Tax incentives for fixed income securities.

Your Committee finally notes with approval that the proposed legislation has been the subject of discussion at the recent conference between the Minister of Finance and his counterparts in each of the provincial governments. It is to be hoped that these will be continuing discussions. The Committee's views as to the need for these consultations in order to develop a unified tax system are adequately expressed in its Report on The White Paper Proposals for Tax Reform where it was stated:

"Your Committee, however, wishes to again express its appreciation of the Government's desire to work closely with the provinces in an attempt to evolve with the passage of time a symmetrical taxation system, and it urges the Government to continue its quest for the attainment of this highly desirable goal."

Respectfully submitted,

Salter A. Hayden,
Chairman.

Routine Proceedings

Tuesday, 9th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

By the Honourable Senator Martin, P.C.

16th November—That the Standing Senate Committee on Legal and Constitutional Affairs be instructed to consider and from time to time report on procedures for the review by the Senate of instruments made in virtue of any statute of the Parliament of Canada, and to consider in connection therewith any public documents relevant thereto; and

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

Orders of the Day

Tuesday, 9th November, 1971

No. 1.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Thompson*).

No. 2.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 18th November, 1971.

No. 5.

12th October—Resuming the debate on the inquiry of the Honourable Senator Sullivan calling the attention of the Senate to the number of therapeutic abortions performed in Canada in the first six months of 1971.—(*Honourable Senator Heath*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, NOVEMBER 10, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971: Consumers' Gas Company; Institute of Profit Sharing; Insurance Bureau of Canada; The Royal Architectural Institute of Canada*)	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 112

Tuesday, 9th November, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Buckwold,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Goldenberg,
Grosart,
Hayden,
Hays,
Inman,
Isnor,
Kinnear,
Lafond,
Laird,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McGrand,
McNamara,
Michaud,
Molson,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Thompson,
van Roggen,
Walker,
White,
Yuzyk.

PRAYERS.

The Honourable the Speaker informed the Senate that the Clerk of the Senate had received Certificates from the Registrar General of Canada showing that:—

H. Carl Goldenberg, Esquire,

George Clifford van Roggen, Esquire, and

Sidney L. Buckwold, Esquire,

respectively, had been summoned to the Senate.

The Honourable the Speaker informed the Senate that there were Senators without, waiting to be introduced.

The Honourable Senator Goldenberg, was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Forsey, and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

CANADA

ROLAND MICHENER
(G.S.)

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO

Our Trusty and Well-beloved
H. CARL GOLDENBERG,
Esquire,

of the City of Westmount, in the Province of Quebec,

GREETING:

KNOW YOU, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada and We do appoint you for the Division of Rigaud in Our Province of Quebec;

AND We do command you that all difficulties and excuses whatsoever laying aside, you be and appear, for the purposes aforesaid, in the Senate of Canada, at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden; and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this fourth day of November, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

The Honourable Senator Goldenberg came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took his seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator Goldenberg had made and subscribed the Declaration of Qualification required of him by *The British North America Act, 1867,* in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

The Honourable Senator van Roggen was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Nichol, and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

CANADA

ROLAND MICHENER
(G.S.)

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO

Our Trusty and Well-beloved
GEORGE CLIFFORD VAN ROGGEN,
Esquire,

of the City of Vancouver, in the Province of British Columbia,

GREETING:

KNOW YOU, that as well as for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada;

AND WE do command you, that all difficulties and excuses whatsoever laying aside, you be and appear for the purposes aforesaid, in the Senate of Canada at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden; and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this fourth day of November, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

The Honourable Senator van Roggen came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took his seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator van Roggen had made and subscribed the Declaration of Qualification required of him by *The British North America Act, 1867,* in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

The Honourable Senator Buckwold was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Croll, and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

CANADA

ROLAND MICHENER
(G.S.)

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO

Our Trusty and Well-beloved
SIDNEY L. BUCKWOLD,
Esquire,

of the City of Saskatoon, in the Province of Saskatchewan,

GREETING:

KNOW YOU, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada;

AND WE do command you, that all difficulties and excuses whatsoever laying aside, you be and appear for the purposes aforesaid, in the Senate of Canada at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden; and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this fourth day of November, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

The Honourable Senator Buckwold came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took his seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator Buckwold had made and subscribed the Declaration of Qualification required of him by *The British North America Act, 1867,* in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

A Message was brought from the House of Commons by their Clerk in the following words:—

THURSDAY, November 4, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the names of Messrs. Hymmen, Deakon and Stewart (Cochrane) have been substituted for those of Messrs. Caccia, Hymmen and Guay (St. Boniface) on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

A Message was brought from the House of Commons by their Clerk in the following words:—

MONDAY, November 8, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the names of Messrs. Marchand (Kamloops-Cariboo) and Osler have been substituted for those of Messrs. Gibson and Stewart (Cochrane) on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Public Accounts of Canada, Volume II, for the fiscal year ended March 31, 1971, pursuant to section 55(1) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Copies of Regulations respecting deleterious substances in the form of effluent from pulp and paper mills.

Report of the Canadian Dairy Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 22 of the *Canadian Dairy Commission Act,* Chapter C-7, R.S.C., 1970.

Copies of a joint communiqué, dated November 7, 1971, on the visit to Canada of the President of the Socialist Federal Republic of Yugoslavia, His Excellency Josip Broz Tito.

Copies of correspondence, dated November 3, 1971, exchanged between the Secretary of State for External Affairs of Canada and the State Secretary for Foreign Affairs of Yugoslavia, concerning recent discussions between the two countries respecting exchanges in science and technology.

Capital Budget of the Canadian Film Development Corporation for the fiscal year ended March 31, 1971, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1970-1850, dated October 27, 1970, approving same. (English text).

Capital Budget of the Canadian Film Development Corporation for the fiscal year ended March 31, 1972, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1971-1511, dated July 23, 1971, approving same. (English text).

With leave of the Senate,
The Honourable Senator Macdonald moved, seconded by the Honourable Senator Blois:

That the name of the Honourable Senator O'Leary be added to the list of Senators serving on the Joint Committee on the Library of Parliament; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

The question being put on the motion, it was—
Resolved in the affirmative.

Ordered, That the motion standing in the name of the Honourable Senator Martin, P.C., be withdrawn.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

After debate,
The Honourable Senator Phillips moved, seconded by the Honourable Senator Beaubien, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That is be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 10th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Wednesday, 10th November, 1971

No. 1.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Phillips*).

No. 2.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 18th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, NOVEMBER 10, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation 1971: Institute of Profit Sharing; Insurance Bureau of Canada; The Royal Architectural Institute of Canada; The Teachers' Insurance and Annuity Association of America*).....	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 113

Wednesday, 10th November, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Blois,
Boucher,
Bourget,
Buckwold,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Goldenberg,
Grosart,
Hastings,
Hayden,
Inman,
Isnor,
Kinnear,
Lafond,
Laird,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McDonald,
McGrand,
McNamara,
Michaud,
Molson,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Thompson,
van Roggen,
Walker,
White,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of a Statement on the effect of placing certain types of men's and boys' shirts on the Import Control List, pursuant to section 5 of the *Export and Import Permits Act*, Chapter E-17, R.S.C., 1970.

Copies of Order in Council P.C. 1971-2274, dated November 2, 1971, amending Part II of the Schedule to the *Hazardous Products Act*, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

Copies of Order in Council P.C. 1971-2275, dated November 2, 1971, making regulations respecting the advertising, sale and importation of science education sets, pursuant to section 7 of the *Hazardous Products Act*, Chapter H-3, R.S.C., 1970.

Copies of Orders in Council P.C. 1971-2276 and P.C. 1971-2277, both dated November 2, 1971, amending Part I of the Schedule to the *Hazardous Products Act*, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

The Honourable Senator Croll, from the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, tabled a Report of the said Committee, entitled: "Poverty in Canada".

The Honourable Senator Croll moved, seconded by the Honourable Senator Carter, that the Report of the Special Committee of the Senate on Poverty in Canada, tabled this day, be placed on the Orders of the Day for consideration on Tuesday next, 16th November, 1971.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Denis, P.C.:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 16th November, 1971, at eight o'clock in the evening.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Fournier (*de Lanaudière*),

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 16th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Tuesday, 16th November, 1971

No. 1.

10th November—Consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971. —(*Honourable Senator Croll*).

No. 2.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Phillips*).

No. 3.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Langlois*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 18th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	TUESDAY, NOVEMBER 16, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*).....	9.30 a.m.
	WEDNESDAY, NOVEMBER 17, 1971	
256–S	Banking, Trade and Commerce (*In Camera*) (*Tax Reform Legislation 1971*).....	10.00 a.m.
	THURSDAY, NOVEMBER 18, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*).....	9.30 a.m.

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Canada

Minutes of the Proceedings of the Senate

No. 114

Tuesday, 16th November, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Everett,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Giguère,
Goldenberg,
Grosart,
Hastings,
Hayden,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Lang,
Lawson,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
Nichol,
O'Leary,
Paterson,
Phillips,
Quart,
Rattenbury,
Smith,
Sparrow,
Sullivan,
Thompson,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

The Honourable the Speaker informed the Senate that the Clerk of the Senate had received a Certificate from the Registrar General of Canada showing that the Honourable Mark Lorne Bonnell, P.C., had been summoned to the Senate.

The Honourable the Speaker informed the Senate that there was a Senator without, waiting to be introduced.

The Honourable Senator Bonnell, P.C., was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Inman, and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

ROLAND MICHENER
(G.S.)

CANADA

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO

Our Trusty and Well-beloved

THE HONOURABLE
MARK LORNE BONNELL,

of the Town of Murray River, in the Province of Prince Edward Island,

GREETING:

KNOW YOU that, as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada effective the fifteenth day of November, in the year of Our Lord one thousand nine hundred and seventy-one.

AND We do command you, that all difficulties and excuses whatsoever laying aside, you be and appear for the purposes aforesaid, in the Senate of Canada at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden, and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this fourth day of November, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

Ordered, That the Writ be placed upon the Journals.

The Honourable Senator Bonnell, P.C., came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took his seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator Bonnell, P.C., had made and subscribed the Declaration of Qualification required of him by *The British North America Act, 1867*, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

A Message was brought from the House of Commons by their Clerk in the following words:—

TUESDAY, November 9, 1971.

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that the name of Mr. Watson has been substituted for that of Mr. LeBlanc (*Rimouski*) on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report on the operation of the *Regional Development Incentives Act* and on "Special Area" incentives for the month of October 1971, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report by the Tariff Board, dated July 20, 1971, relative to the investigation ordered by the Minister of Finance respecting Sugar, Reference No. 146 (English and French texts), together with a copy of the transcript of the evidence presented at public hearings (English text), pursuant to section 6 of the *Tariff Board Act*, Chapter T-1, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1970, pur-

suant to section 8 of the *Department of Insurance Act,* Chapter I-17, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Fire and Casualty Insurance Companies and of Accident and Sickness Insurance transacted by Life Insurance Companies in Canada, for the year ended December 31, 1970, pursuant to section 8 of the *Department of Insurance Act,* Chapter I-17, R.S.C., 1970.

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1971, pursuant to section 119(1) of the *Bank Act,* Chapter B-1, R.S.C., 1970.

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, November 10, 1971, pursuant to section 7 of the *Regulations Act,* Chapter R-5, R.S.C., 1970.

With leave of the Senate,
The Honourable Senator Smith moved, seconded by the Honourable Senator Cook:

That the name of the Honourable Senator Inman be substituted for that of the Honourable Senator Fergusson on the list of Senators serving on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Macdonald moved, seconded by the Honourable Senator Blois, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

After debate,
The Honourable Senator Phillips moved, seconded by the Honourable Senator Bélisle, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Smith,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 17th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Wednesday, 17th November, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Macdonald*).

No. 2.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Phillips*).

No. 3.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Langlois*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 18th November, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, NOVEMBER 17, 1971	
256–S	Banking, Trade and Commerce (*In Camera*) (*Tax Reform Legislation 1971*)	10:00 a.m.
	THURSDAY, NOVEMBER 18, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	9:30 a.m.

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Minutes of the Proceedings of the Senate

No. 115

Wednesday, 17th November, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Everett,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Giguère,
Goldenberg,
Grosart,
Hastings,
Hayden,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Lang,
Lawson,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
O'Leary,
Paterson,
Phillips,
Quart,
Rattenbury,
Smith,
Sparrow,
Sullivan,
Thompson,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

TUESDAY, November 16, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours,—

That the names of Messrs. Lachance and Hogarth have been substituted for those of Messrs. Deakon and De Bané;

That the name of Mr. Gibson has been substituted for that of Mr. Laflamme;

That the name of Mr. De Bané has been substituted for that of Mr. Watson; and

That the name of Mr. Watson has been substituted for that of Mr. Hogarth on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Smith moved, seconded by the Honourable Senator Denis, P.C., that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

After debate,
The Honourable Senator Smith moved, seconded by the Honourable Senator Croll, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Beaubien resumed the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.

After debate,
The Honourable Senator Smith moved, seconded by the Honourable Senator Bourget, P.C., that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Smith, moved, seconded by the Honourable Senator Croll,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 18th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Thursday, 18th November, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Smith*).

No. 2.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Smith*).

No. 3.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Smith*).

No. 4.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, NOVEMBER 18, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*).....	9:30 a.m.

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Canada

Minutes of the Proceedings of the Senate

No. 116

Thursday, 18th November, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Davey,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Everett,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Goldenberg,
Grosart,
Hastings,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Lapointe,
Lefrançois,
Macdonald,
Martin,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
Nichol,
Paterson,
Petten,
Phillips,
Quart,
Smith,
Sparrow,
Thompson,
Walker,
Welch,
White,
Yuzyk.

PRAYERS.

The Honourable the Speaker informed the Senate that the Clerk of the Senate had received a Certificate from the Registrar General of Canada showing that Miss Renaude Lapointe had been summoned to the Senate.

The Honourable the Speaker informed the Senate that there was a Senator without, waiting to be introduced.

The Honourable Senator Lapointe was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Bourget, P.C., and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

CANADA

ROLAND MICHENER
(G.S.)

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO

Our Trusty and Well-beloved
MISS RENAUDE LAPOINTE,
of the City of Montreal, in the Province of Quebec,

GREETING:

KNOW YOU, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada; and We do appoint you for the Division of Milles-Isles of our Province of Quebec, and We do command you that all difficulties and excuses whatsoever laying aside, you be and appear, for the purposes aforesaid, in the Senate of Canada, at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden; and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Comander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this tenth day of November, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

Ordered, That the Writ be placed upon the Journals.

The Honourable Senator Lapointe came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took her seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator Lapointe had made and subscribed the Declaration of Qualification required of her by *The British North America Act, 1867,* in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

A Message was brought from the House of Commons by their Clerk in the following words:—

WEDNESDAY, November 17, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the names of Messrs. Dinsdale, LeBlanc (*Rimouski*), Laflamme and Smerchanski have been substituted for those of Messrs. Schumacher, Marchand (*Kamloops-Cariboo*), Prud'homme and Osler on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

Tribute was paid to the memory of the Honourable Senator Roebuck whose death occurred on November 17, 1971.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of a Statement of Canada's position on chemical and biological warfare, delivered at the United Nations General Assembly on November 16, 1971.

First annual report of the Commissioner of Official Languages for the fiscal year ended March 31, 1971, pursuant to section 34(2) of the *Official Languages Act,* Chapter 0-2, R.S.C., 1970.

The Honourable Senator Everett, from the Standing Senate Committee on National Finance which was

authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation, tabled a Report of the said Committee, entitled: "Growth, Employment and Price Stability".

The Honourable Senator Everett moved, seconded by the Honourable Senator Nichol, that the Report of the Standing Senate Committee on National Finance, tabled this day, be placed on the Orders of the Day for consideration at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Smith moved, seconded by the Honourable Senator Inman:

That when the Senate adjourns today, it do stand adjourned until Wednesday next, 24th November, 1971, at two o'clock in the afternoon.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until Thursday, 2nd December, 1971.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Smith,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 24th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Wednesday, 24th November, 1971

No. 1.

18th November—Consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Everett*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Smith*).

No. 3.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Smith*).

No. 4.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Smith*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 2nd December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	TUESDAY, NOVEMBER 23, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*).....	9.30 a.m.
	WEDNESDAY, NOVEMBER 24, 1971	
256–S	Banking, Trade and Commerce (*In Camera*) (*Tax Reform Legislation, 1971*).....	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 117

Wednesday, 24th November, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Blois,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Eudes,
Flynn,
Forsey,
Fournier (*de Laundière*),
Gélinas,
Goldenberg,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lamontagne,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Martin,
McElman,
McGrand,
McNamara,
Molson,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Thompson,
van Roggen,
Walker,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

THURSDAY, November 18, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the name of Mr. Goode has been substituted for that of Mr. Smerchanski on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

A Message was brought from the House of Commons by their Clerk in the following words:—

MONDAY, November 22, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the names of Messrs. Osler and Marchand (*Kamloops-Cariboo*) have been substituted for those of Messrs. Goods and Laflamme on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

A Message was brought from the House of Commons by their Clerk in the following words:—

TUESDAY, November 23, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the name of Mr. Laflamme has been substituted for that of Mr. Watson on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Department of Transport for the fiscal year ended March 31, 1971, pursuant to section 34 of the *Department of Transport Act,* Chapter T-15, R.S.C., 1970.

Copies of a communiqué issued following the Federal-Provincial Conference held at Ottawa November 15-17, 1971.

Supplementary Estimates (A) for the fiscal year ending March 31, 1972.

Report of the Superintendent of Insurance for Canada on Co-operative Credit Societies for the year ended December 31, 1970, pursuant to section 57 of the *Co-operative Credit Associations Act,* Chapter C-29, R.S.C., 1970.

Report, dated May 1971, entitled "An Evaluation of Snowmobile Safety", prepared for the Ministry of Transport as part of a programme implementing the *Motor Vehicle Safety Act,* Chapter 26 (1st Supplement), R.S.C., 1970.

Copies of a contract between the Government of Canada and the municipality of Campbell River, British Columbia, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20 (3) of the *Royal Canadian Mounted Police Act,* Chapter R-9, R.S.C., 1970. (English text).

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1972.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation, entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.

After debate,

The Honourable Senator Grosart moved, seconded by the Honourable Senator O'Leary, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—

Resolved in the affirmative.

The Order of the Day being read,
With leave of the Senate,

The Honourable Senator Inman resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Cook moved, seconded by the Honourable Senator Smith, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 25th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

By the Honourable Senator Desruisseaux:

24th November—That he will call the attention of the Senate to the Twenty-sixth Meeting of the General Assembly of the United Nations (1971), and in particular to the discussions and proceedings of the Assembly and the participation therein of the observers from the Parliament of Canada.

For Wednesday, 1st December, 1971.

By the Honourable Senator Welch:

24th November—That he will call the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.

Orders of the Day

Thursday, 25th November, 1971

No. 1.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Grosart*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Cook*).

No. 3.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Smith*).

No. 4.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Smith*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 2nd December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, NOVEMBER 25, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*).....	9.30 a.m. 3.30 p.m. 8.00 p.m. (if necessary)

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Minutes of the Proceedings of the Senate

No. 118

Thursday, 25th November, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Denis,
Deschatelets,
Desruisseaux,
Eudes,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Goldenberg,
Grosart,
Haig,
Hastings,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lefrançois,
Macdonald,
Martin,
McElman,
McGrand,
McNamara,
Molgat,
Molson,
Nichol,
O'Leary,
Petten,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Thompson,
van Roggen,
Walker,
White,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

WEDNESDAY, November 24, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the names of Messrs. Weatherhead, Smith (*Saint-Jean*) and Gendron have been substituted for those of Messrs. Lachance, Marchand (*Kamloops-Cariboo*) and De Bané on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Prowse, Deputy Chairman, from the Standing Senate Committee on Legal and Constitutional Affairs, presented its first Report as follows:—

WEDNESDAY, 24th November, 1971.

The Standing Senate Committee on Legal and Constitutional Affairs, which was authorized to examine and report upon all aspects of the parole system in Canada, makes its first Report with respect to the said examination as follows:—

Your Committee recommends:

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination; and

That the Committee, or any sub-committee so authorized by the Committee, may adjourn from place to place inside or outside Canada for the purpose of carrying out the said examination.

Respectfully submitted,

J. HARPER PROWSE,
Deputy Chairman.

With leave of the Senate,
The Honourable Senator Prowse moved, seconded by the Honourable Senator Hastings, that the Report be adopted now.

After debate,
The Honourable Senator Macdonald moved, seconded by the Honourable Senator Choquette, that further debate on the motion be postponed until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 30th November, 1971, at eight o'clock in the evening.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the name of the Honourable Senator Fergusson be substituted for that of the Honourable Senator Inman on the list of Senators serving on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada, effective Monday, 29th November, 1971; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Desruisseaux called the attention of the Senate to the Twenty-sixth Meeting of the General Assembly of the United Nations (1971), and in particular to the discussions and proceedings of the Assembly and the participation therein of the observers from the Parliament of Canada.

Debated.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Buckwold resumed the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.

After debate,
The Honourable Senator Grosart moved, seconded by the Honourable Senator O'Leary, that further debate on the consideration of the Report be postponed until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate

and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Macdonald for the Honourable Senator Quart moved, seconded by the Honourable Senator White, P.C., that further debate on the consideration of the Report be postponed until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, that it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Denis, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 30th November, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRY

For Wednesday, 1st December, 1971.

By the Honourable Senator Welch:

24th November—That he will call the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.

Orders of the Day

Tuesday, 30th November, 1971

No. 1.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Grosart*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Quart*).

No. 3.

25th November—Resuming the debate on the motion of the Honourable Senator Prowse, seconded by the Honourable Senator Hastings, for the adoption of the first Report of the Standing Senate Committee on Legal and Constitutional Affairs.—(*Honourable Senator Macdonald*).

No. 4.

26th October—Resuming the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.—(*Honourable Senator Smith*).

No. 5.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Smith*).

No. 6.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 7.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 2nd December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, DECEMBER 2, 1971	
356–S	National Finance (*Supplementary Estimates (A) for the fiscal year ending March 31, 1972*)....	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 119

Tuesday, 30th November, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Bourget,
Buckwold,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Goldenberg,
Gouin,
Grosart,
Haig,
Hastings,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Lang,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McGrand,
McNamara,
Michaud,
Molson,
O'Leary,
Petten,
Phillips,
Prowse,
Smith,
Sparrow,
Stanbury,
Thompson,
van Roggen,
Walker,
Welch,
White,
Willis,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

THURSDAY, November 25, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours,—

That the name of Mr. Noël has been substituted for that of Mr. Gendron;

That the name of Mr. Lachance has been substituted for that of Mr. Weatherhead;

That the name of Mr. Legault has been substituted for that of Mr. Smith (*Saint-Jean*); and

That the names of Messrs. Dupras, Smith (*Northumberland-Miramichi*) and Stewart (*Cochrane*) have been substituted for those of Messrs. Legault, Noël and Gibson on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1971, pursuant to section 8 of the *Department of Veterans Affairs Act,* Chapter V-1, and section 4(2) of the *Pension Act,* Chapter P-7, R.S.C., 1970, including the Report of the War Veterans Allowance Board for the same period.

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, November 24, 1971, pursuant to section 7 of the *Regulations Act,* Chapter R-5, R.S.C., 1970.

Report of the Board of Grain Commissioners for Canada for the year ended December 31, 1970, pursuant to section 23 of the *Canada Grain Act,* Chapter G-16, R.S.C., 1970.

Copies of a communiqué, dated November 23, 1971, respecting an agreement between the Federal and Provincial Ministers of Agriculture on the principles necessary to establish policies and programs aimed at assisting Canada's rural areas and to provide improved opportunities for low income farm people.

The Honourable Senator Connolly, P.C., for the Honourable Senator Hayden, from the Standing Senate Committee on Banking, Trade and Commerce which was authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 14th September, 1971, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto, tabled Preliminary Report No. 2 on the Summary of 1971 Tax Reform Legislation.

Ordered, 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.

(*See Appendix to the Minutes of the Proceedings of the Senate of this day following page 465*).

The Honourable Senator Connolly, P.C., for the Honourable Senator Hayden moved, seconded by the Honourable Senator Croll, that Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of the 1971 Tax Reform Legislation be placed on the Orders of the Day for consideration at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the name of the Honourable Senator Lapointe be added to the list of Senators serving on the Standing Senate Committee on Foreign Affairs;

That the name of the Honourable Senator Bonnell be added to the list of Senators serving on the Standing Senate Committee on Health, Welfare and Science;

That the name of the Honourable Senator Goldenberg be added to the list of Senators serving on the Standing Senate Committee on Legal and Constitutional Affairs;

That the name of the Honourable Senator Buckwold be added to the list of Senators serving on the Standing Senate Committee on National Finance; and

That the names of the Honouraple Senators Lawson and van Roggen be added to the list of Senators serving on the Standing Senate Committee on Transport and Communications.

After debate, and
The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.

After debate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C., that further debate on the consideration of the Report be postponed until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That is be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Prowse, seconded by the Honourable Senator Hastings, for the adoption of the first Report of the Standing Senate Committee on Legal and Constitutional Affairs with respect to its examination of the parole system in Canada.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Martin, P.C., calling the attention of the Senate to the Canada-USSR General Exchanges Agreement, done at Ottawa, October 20, 1971, and tabled in the Senate on Wednesday, October 20, 1971, and to the Canadian-Soviet Communiqué, dated October 26, 1971, and tabled in the Senate on Tuesday, October 26, 1971.

Debated.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

APPENDIX

Standing Senate Committee on Banking, Trade and Commerce

Preliminary Report No. 2

on

the Summary of 1971

Tax Reform Legislation

The Honourable Salter A. Hayden, Q.C., Chairman

S 119—2½

MEMBERSHIP OF THE COMMITTEE

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman,* and

The Honourable Senators:

Aird	Grosart
Beaubien	Haig
Benidickson	Hays
Blois	Isnor
Burchill	Lang
Carter	Macnaughton
Choquette	*Martin
Connolly (*Ottawa West*)	Molson
Cook	Smith
Croll	Sullivan
Desruisseaux	Walker
Everett	Welch
*Flynn	White
Gélinas	Willis
Giguère	

**Ex officio members*

(Quorum 7)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, September 14, 1971:

"With leave of the Senate,

The Honourable Senator Hayden moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Robert Fortier,

Clerk of the Senate.

Wednesday, November 24, 1971.

INTRODUCTION

On September 14th, 1971, there was tabled in the House a document entitled "SUMMARY OF 1971 TAX REFORM LEGISLATION" and, by resolution of the Senate on the same date, consideration of same was referred to the Standing Senate Committee on Banking, Trade and Commerce.

For the purposes of brevity and identification, the "SUMMARY OF 1971 TAX REFORM LEGISLATION" will be referred to in this report as the "proposed legislation" and the Standing Senate Committee on Banking, Trade and Commerce will be referred to as "your Committee" or "the Committee".

On Thursday, November 4th, 1971, The Honourable Salter A. Hayden, Chairman of your Committee, submitted a preliminary report on the proposed legislation and, in such report, a number of recommendations were submitted with respect thereto.

In the report of November 4th, 1971, hereinbefore referred to, the following statement was made:

"Having regard to the urgency of the matter and the problem of time, your Committee is submitting for your approval at this time a limited number of recommendations but it is hoped that the Committee will still be in the position to make further recommendations before the proposed legislation reaches this House. Alternatively, the Committee will submit these further recommendations when the said proposed legislation reaches this House after having passed the other House."

Since the submission of the preliminary report, your Committee has heard a further number of representations and has received further written submissions on the proposed legislation. Having studied these further submissions and representations which were received in the period following the 27th day of October, 1971, to the 10th day of November, 1971, when the last hearing took place, your Committee has concluded that it is desirable to submit to the Minister of Finance, as expeditiously as possible, a number of further recommendations in respect to the proposed legislation which is presently being considered by Committee of the Whole of the other House. It is the hope that, upon receipt by the Minister of Finance of these further recommendations, the same will be accepted by him as again being pertinent and relevant, and to the extent so regarded, that appropriate amendments will be submitted by him to the other House while the said proposed legislation is still being considered in the Committee stage.

In your Committee's report of November 4th, 1971, and in the section captioned "EPILOGUE", your Committee recorded its intention to present a second report after the termination of its hearings covering submissions made subsequent to October 27th, 1971. Your Committee referred in such captioned "EPILOGUE" to some of the topics which it intended to cover in its second report. Having regard to the exigencies of time, your Committee has been able to deal with only some of the topics referred to in the "EPILOGUE". The proposed recommendations with respect to these topics are hereinafter submitted.

PULP AND PAPER INDUSTRY

1. General considerations

The pulp and paper industry plays a vital role in the economy of this country. It is because of this predominant role that your Committee has given special attention to the representations made by the Canadian Pulp and Paper Association.

Corporations in the natural resource industries are characterized by the following common factors:

(a) development and processing of natural resources,

(b) investment of large amounts of capital,

(c) creation of substantial employment, and

(d) sales on a world-wide basis.

Corporations in the natural resource industry are also characterized by a large degree of risk. Part of such risk is represented by the huge capital investment in machinery and equipment required in the pulp and paper industry.

From the information provided to your Committee, the following resume is submitted:

For the year 1970 the industry exported 12.54% of the total Canadian domestic exports and ranks as one of the largest exporters in Canada. In 1970 the industry employed 156,400 persons including permanent and seasonal woodland operators. In addition, a substantial number of persons are employed in related fields. The statistics submitted by the representatives of the industry indicate that the five major suppliers of wood pulp and newsprint in the world are Canada, United States, Scandinavia, Japan and Russia. United States and Scandinavia are Canada's main competitors in this industry.

The following table illustrates the change and the continuous deterioration in Canada's position in this field in relation to its major competitors over the last 20 years.

	Relative Percentage Share of Production			
	Wood	Pulp	Newsprint	
	1950	1970	1950	1970
Canada	28	23	72	58
United States	49	53	14	22
Scandinavia	23	24	14	20
	100%	100%	100%	100%

Representatives from this industry have expressed the view that this decline is caused by, among other factors, tax disadvantages suffered by Canadian corporations in relation to their major foreign competitors. These representatives prepared an analysis of comparative income tax payable by United States corporations and Canadian corporations for the 5 years ended

in 1969. This analysis indicates that these United States corporations incurred average taxes of 34% of income (taking into account both capital and income) whereas Canadian corporations incurred comparable average taxes of 49%.

As to Sweden's tax treatment, the current annual rate of corporate income tax payable is approximately 40% as compared with 51% to 54% in Canada. To this tax advantage Swedish corporations obtain more generous capital cost allowance (depreciation and depletion) and also investment reserves. In Finland, the currency devaluation of 31% which occurred in 1967, coupled with that country's fiscal policy has further placed its pulp and paper industry in a relatively advantageous competitive position as a world supplier.

It is therefore apparent that the Canadian pulp and paper industry is at a great disadvantage vis-a-vis its international competitors. It is therefore essential that special consideration be given to assist the industry to maintain and improve its international position.

This industry's reliance on world markets also has an important direct effect on employment in Canada.

It is generally acknowledged that Canadian corporations which sell their products in international markets are in a difficult competitive position if their tax burden is much greater than that applicable to their competitors. It is apparent that the incidence of tax on the pulp and paper industry in Canada deserves to be examined carefully and that some attempt should be made, if at all possible, to place this industry in a reasonably fair position vis-a-vis its foreign competitors if Canada wishes to promote its export trade and employment in this industry.

At the risk of repeating itself, your Committee would again quote part of a statement made by the Government in the White Paper Proposals for Tax Reform.

"6.9—. Going international is frequently necessary to enable Canadian companies to achieve the economies of scale which are otherwise denied them by the relatively small size of the Canadian domestic market. Such companies would find it hard to compete on the international scene if they were subject to more onerous taxes than those which apply to their competitors.—."

Your Committee concurs with this statement but deplores the fact that no recognition has been given to this very problem in respect of the pulp and paper industry under the proposed legislation.

The pulp and paper industry is subject to high capital requirements. As a consequence, carrying charges and amortization costs have a very great effect on the cost of production. For this reason, your Committee is of the opinion that any alleviating measures should be related to this factor, and that a concept of "earned depreciation" should therefore be given consideration in the proposed tax legislation.

The concept of "earned depreciation" could be formulated in the following manner: a corporation would earn the right to claim a special deduction .based upon amounts incurred in respect of any qualified expenditures made after the commencement of the new system.

Earned depreciation would be in addition to the normal capital cost allowances. It would not reduce undepreciated capital cost and would not be subject to recapture of capital cost allowance. The corporation would have the right to claim all, or part, of this earned depreciation in the year in which its capital expenditures are made or to defer all, or any part, until some subsequent year. Appropriate safeguards could be introduced to prevent abuses.

In order not to discriminate against corporations which embarked upon a modernization or expansion program prior to the commencement of the new system, it would be necessary to establish a deemed earned depreciation. The amount of this deemed earned depreciation could be calculated as a certain percentage of the undepreciated capital cost of qualified expenditures on hand at the commencement of the system. If necessary, a limit could be placed on the maximum amount deductible in any year.

2. Pollution abatement and control

Apart from the tax disadvantages mentioned above, a new factor has recently been added to the industry's operating costs. This is the requirement to install and improve equipment and measures for the abatement and control of pollution.

Pollution abatement and control is not merely a local problem: it is primarily a national problem. The need for anti-pollution measures cannot be overemphasized, however. At the same time as Canada is endeavouring to improve the general environment for all Canadians, it would be short-sighted to overload the costs of some of our exporting industries which are competing in world markets.

Without debating the relative effectiveness or fairness of the use of tax incentives for the purpose of abatement or control of pollution generally, the nature of the pulp and paper industry is such that it must be located near large bodies of water for both production purposes and for direct, inexpensive transportation. Apart from the requirement of adequate hydro-electric power, such locations are usually somewhat remote from centres of population except where the concentration of people and ancillary businesses have developed in that particular area. The importance of the contribution to the national wealth produced by this industry clearly appears to warrant some spreading of the cost to include more than local communities and the pulp and paper industry.

With a view to correlating the national and local objectives of pollution abatement and control and to obtain a fair sharing of the cost burden, it appears advisable to supplement existing grant programs and tax incentive programs by developing a special loan program for the pulp and paper industry. This could consist of long-term federal loans without interest or federally guaranteed loans to pulp and paper corporations.

Alternatively, if interest be charged, part or all of such interest might be rebated from year to year. This could be achieved by allowing an annual additional capital cost allowance whereby the original capital cost could be increased by a percentage factor sufficient to accomplish the desired after-tax effect equivalent to a rebate of interest.

Your Committee considers that the foregoing would prevent an undue loading of additional costs on production by distributing some of the burden on a national basis.

While loan programs, forgiveness of loans and rebate of interest cannot be expected to fall directly within the scope of fiscal policy, your Committee is of the opinion that equivalent results could be produced by translating the after-tax effect into special capital cost allowance (depreciation) measures and rates in the proposed legislation.

Such measures are now available under the present legislation. As a matter of fact, in the government's budget tabled on December 3, 1970, additional capital cost allowances were created whereby manufacturing and processing enterprises are permitted to value new investments in machinery, equipment and structures at 115 per cent of their actual cost as a base for calculating capital cost allowances. This is applicable to new capital investments acquired during the period commencing December 4, 1970, and ending March 31, 1972.

Having regard to the foregoing factors and special disabilities affecting this industry *YOUR COMMITTEE RECOMMENDS:*

1. that a concept of "earned depreciation" be introduced in the proposed legislation or, alternatively, that additional capital cost allowances be granted by one of the following methods:

   (a) increasing the present rate of capital cost allowances,

   (b) introducing additional yearly capital cost allowance through permitting the original capital cost or the undepreciated capital cost as at the commencement of the new system to be valued at more than 100 per cent, and

   (c) granting accelerated capital cost allowance.

2. that expenditures by corporations in the pulp and paper industry for the control and abatement of pollution be financed and assisted by one of the following methods:

   (a) government grants or long-term interest-free loans, or

   (b) special capital cost allowances such as those referred to above.

3. *Logging tax credit*

It was submitted to your Committee that there exists an element of double taxation for some corporations because the abatement for the provincial logging tax is not 100 per cent. This is caused by the fact that the credit for federal abatement is not calculated on the same basis as that calculated for the logging tax itself. This present anomaly, far from being cured by the proposed legislation, has been compounded by a further limitation in calculating the logging tax credit, namely the required inclusion of taxable capital gains in the tax base, which gains are to be excluded from the taxable income available for the logging tax credit (although such gains could be included in the calculation of the logging tax itself). This double taxation becomes very severe in a loss year or when the non-logging operations suffer a loss.

Furthermore, there are provinces which do not levy a logging tax as such, but instead levy other taxes corresponding to the logging taxes of other provinces. It is suggested that the government should examine the various taxes levied on the pulp and paper industry in provinces which do not have a formal logging tax, and determine if some provinces or municipalities are levying taxes which are in substance similar to logging taxes but which are nevertheless not deductible from income tax payable.

YOUR COMMITTEE RECOMMENDS:

1. that the amount of provincial logging tax paid be credited against federal income tax payable within specified limits and with the following additions:

   (a) that the base upon which the logging tax credit is calculated for federal purposes should be the same as that upon which the provincial logging tax was imposed, and

   (b) that any creditable logging tax not deductible in a taxation year be carried forward and be deductible against future federal income tax payable.

2. that the government consider the possibility of granting similar relief to those corporations that are paying provincial or municipal taxes on their logging operations not levied as logging taxes but which are in substance similar to a logging tax (and are not subject to the federal abatement).

TAX-EXEMPT NON-RESIDENT INVESTORS

Under the present Income Tax Act the Minister of National Revenue is authorized to issue a "certificate of exemption" to any non-resident person who establishes that he resides in a country which imposes an income tax and that he is exempt from such tax under the laws of that country. The effect of obtaining a certificate of this kind is that the non-resident person is exempt from Canadian non-resident withholding tax in respect of interest payable on any bond, debenture or other similar debt obligation that was issued to him after June 13, 1963.

The obvious purpose of this provision (as hereinafter noted) was to encourage the sale of Canadian debt obligations to tax exempt non-residents by removing the tax disadvantage which such persons otherwise would suffer if they reinvest in Canada rather than in their country of residence. Unlike the non-resident person who is subject to tax in his country of residence and who is generally able to recover part, if not all, of the Canadian income tax payable on Canadian source income by way of credit against the income tax otherwise payable by him, the tax-exempt non-resident is unable to recover any part of the Canadian income tax which he may be required to pay. Therefore, but for the "certificate of exemption" provisions, a tax-exempt non-resident would suffer a tax disadvantage by investing in Canadian debt obligations rather than in securities issued by persons resident in his country of residence (the income from which would be exempt from tax).

In order to qualify for a certificate of exemption under the proposed legislation, a non-resident must not only be exempt from income tax in the country in which he resides but must also be

1. a person who would be exempt from Canadian income tax under the relevant exempting provisions of the proposed legislation if he were resident in Canada, or

2. a trust or corporation established solely in connection with an employee's superannuation or pension fund or plan.

Any non-resident person failing to qualify under these new requirements who holds a certificate of exemption which was issued under the provisions of the present Income Tax Act and which is still in force on December 31, 1971, will continue to be exempt from Canadian non-resident withholding tax in respect of interest payable to him on or before December 31, 1974—provided that he continues to be exempt from tax in his country of residence. Interest received by him thereafter will be subject to the normal withholding tax provisions unless he is able to meet the new requirements of the proposed legislation.

In considering the effect of these new provisions, your Committee heard evidence presented on behalf of a major non-resident investor who now holds a certificate of exemption but who will fail to qualify for a similar certificate under the proposed legislation. This organization has invested substantial amounts in long-term Canadian debt obligations and has entered into commitments to purchase additional Canadian bonds, in each case on the assumption that its exemption from Canadian non-resident withholding tax would remain in force as long as it continued to qualify as a tax-exempt person in its country of residence. Having regard to the amount invested in Canada and having regard also to the fact that many of the debt obligations were purchased privately (consisting of securities in respect of which no prospectus has been filed), this particular organization appears to have valid reasons to believe that it will encounter considerable difficulty in selling its Canadian securities and thereby avoid the tax disadvantage which it would suffer if it continued to own such investments after December 31, 1974.

This particular situation is presumably by no means unique and your Committee considers it inequitable that the exemption should be withdrawn with respect to investments or commitments which have already been made—and on such short notice. In fact, your Committee believes that the sale of Canadian debt obligations (as distinct from Canadian equities) to non-residents should be encouraged by extending the present exemption from withholding tax provisions instead of restricting it.

When the exemption presently accorded to tax-exempt non-residents was first introduced, the Honourable Mr. W. Gordon, the then Minister of Finance, stated as follows:

> "The purpose of this resolution is, of course, to make it easier or make it more desirable for pension funds in other countries to invest in Canadian bonds. As we all know, we are primarily interested in and thinking about the inflow of capital: Certainly, in totals and magnitudes, we are primarily interested in the sale of Canadian bonds abroad rather than Canadian equities."

In the opinion of your Committee the circumstances above described have not changed and indeed are perhaps more necessary than ever.

YOUR COMMITTEE RECOMMENDS that the exemption accorded to tax-exempt non-resident persons under the present Income Tax Act should be continued in the proposed legislation.

MINING AND PETROLEUM (NON-OPERATORS)

Your Committee stated in its preliminary report of November 4, 1971, that the 3 31/3% automatic depletion which is allowed under present law to an operator of a resource property will be abolished under the proposed legislation at the end of a five year transitional period (i.e. after 1976) and will thereafter be replaced by an earned depletion allowance equal to $1 for every $3 of eligible expenditures incurred on exploration and development after November 7, 1969. The Committee recommended in this connection that the transitional period be extended to the end of 1980 or, alternatively, that taxpayers be allowed to "bank" for earned depletion purposes an amount equal to all eligible expenditures incurred, whether incurred before or after November 7, 1969, but that all depletion previously allowed be deducted in determining the balance of the "bank" available for earned depletion allowance.

As a result of its continuing study of the tax reform measures, your Committee has noted that the proposed legislation would also remove, as of the end of 1976, the 25% automatic depletion that is now allowed to non-operators in respect of income such as royalties which they may derive from resource properties. Royalty income received after 1976 is to be treated in the same manner as productions profits and therefore, will be eligible for the proposed 3 31/3% earned depletion.

Your Committee is of the view that it is equally important that the five year transitional period relating to the withdrawal of the automatic depletion allowance should also be extended to non-operators, at least in respect of income derived from a royalty or other similar interest in a resource property which the taxpayer acquired prior to June 18, 1971, or which he was obligated at that date to acquire. The alternative recommendation which the Committee put forward in its preliminary report with respect to the basis of computing earned depletion for operators of a resource is unlikely to afford much relief to non-operators in respect of interests acquired prior to June 18, 1971, as these taxpayers will not have incurred as extensive exploration and development expenditures as operators. They will therefore not be entitled to a comparable amount of earned depletion if the Committee's alternative recommendation is implemented.

YOUR COMMITTEE RECOMMENDS that the 25% automatic depletion now allowed to non-operators in respect of income derived from a royalty or other similar interest in a resource property be continued for royalties received prior to 1981 in respect of interests which the taxpayer owned at June 18, 1971, or which he was obligated at that date to acquire.

TRANSITIONAL AVERAGING PROVISIONS CONCERNING LUMP SUM PAYMENTS OUT OF PENSION PLANS AND DEFERRED PROFIT SHARING PLANS

Single payments out of a pension plan or deferred profit sharing plan which are received in a taxation year ending after 1973 will be eligible for relatively generous averaging provisions presently afforded by section 36 of the Income Tax Act to the extent of amounts vested up to January 1, 1972. The proposed legislation would restrict the right to

such averaging by providing that once a taxpayer has elected to utilize section 36 averaging in respect of amounts vested up to January 1, 1972, he is precluded from invoking the general and forward averaging provisions of the proposed legislation in the same year in respect of amounts vested after 1971. The amount available for section 36 averaging is thus limited to that portion of the lump sum payment which accrued up to January 1, 1972.

It is apparent that as the benefits under pension and deferred profit sharing plans which vest after 1971 increase in relation to those which vested prior to 1972, the benefit afforded by section 36 averaging will decline in respect of lump sum payments received after 1973, until the point is reached when section 36 averaging will become unattractive.

YOUR COMMITTEE RECOMMENDS that

(a) section 36 averaging should be available in respect of the portion of a lump sum payment received in a taxation year ending after 1973 out of a pension plan or deferred profit sharing plan which the taxpayer would have received pursuant to such a plan if he had withdrawn therefrom on January 1, 1972, and also

(b) the general and forward averaging provisions of the proposed legislation should be available in respect of the portion of such payments which have vested after 1971.

Single payments received out of a pension plan or a deferred profit sharing plan made in a taxation year ending after 1971 and before 1974 are to be entitled to section 36 averaging in their entirety. Your Committee considers such treatment to be equitable.

NON-RESIDENT-OWNED I NVESTMENT CORPORATIONS (N.R.O.'s)

The effect of the provisions of Section 70 of the present Income Tax Act (which relates to non-resident-owned investment corporations) is, in general, to treat non-resident who hold Canadian investments indirectly through the medium of a Canadian holding company in substantially the same manner as they would have been taxed if they had owned such investments directly—provided, of course, that the Canadian holding company qualifies as a non-resident-owned investment corporation (referred to hereinafter as an N.R.O.).

Certain exceptions to this general rule do exist in the present Income Tax Act. For example:

1. A non-resident who owns shares of a corporation which has a degree of Canadian ownership (as defined in Section 139A of the Act) is subject to a 10 per cent Canadian non-resident withholding tax on dividends received from that corporation whereas all dividend income flowing through an N.R.O. attracts a 15 per cent tax under Section 70.
2. Interest payable to non-residents on certain types of Canadian debt obligations (e.g. certain federal and provincial bonds) is now exempt from Canadian non-resident withholding tax but is subject to the 15 per cent N.R.O. tax if paid to an N.R.O.
3. Any investment income which an N.R.O. may derive from non-Canadian sources is subject to Canadian tax under the N.R.O. provisions whereas such income would not be subject to Canadian income tax if paid to the non-resident directly.

However, these and the various other exceptions which exist under the present Income Tax Act have generally been considered relatively insignificant and have not discouraged non-residents from investing in Canada through the medium of an N.R.O.

It is implied on page 58 of the "Summary of 1971 Tax Reform Legislation" that this neutrality in the taxation of non-resident investors, whether they invest directly in Canada or indirectly through an N.R.O., would be continued under the new system; and, in particular, that non-resident shareholders of an N.R.O. would not be subject to Canadian income tax in respect of any capital gains which would not be taxable in Canada if realized personally by a non-resident investor. However, contrary to the statements contained in the Summary, the tax position of a non-resident shareholder of an N.R.O. is not equated with the treatment accorded to non-residents who invest directly. For example:

1. Capital gains realized by an N.R.O. on the disposition of capital property other than "Canadian property" will be subject to Canadian non-resident withholding tax when ultimately distributed by way of dividend to the N.R.O.'s non-resident shareholders. This treatment is clearly anomalous and the proposed legislation should be amended to provide that any net gains realized on the disposition of non-Canadian property should form part of an N.R.O.'s "capital gains dividend account" which may ultimately be distributed to shareholders free from Canadian non-resident withholding tax.
2. Any capital gain realized by a non-resident on the disposition of shares of an N.R.O. (including a gain arising on death) will be subject to Canadian income tax under the proposed legislation. This treatment is inequitable as it could result in double taxation or in the taxation of amounts which should not attract Canadian income tax. For example, part or all of the gain realized by non-resident shareholders could be attributable to gains realized by the N.R.O. on the disposition of taxable Canadian property which had not been distributed to shareholders at the date on which the particular shareholder disposed of his shares of the N.R.O. These gains would have been taxed in the N.R.O.'s hands and would accordingly be available for distribution as a tax-exempt dividend out of the N.R.O.'s "capital gains dividend account". Therefore, the non-resident shareholder should not be subject to Canadian income tax on any portion of the gain realized on the disposition of his shares of the N.R.O. that is attributable to gains previously realized by the N.R.O. on the disposition of taxable Canadian property.

   Similar problems exist where the gain ralized by the non-resident shareholder is attributable to:

   (a) undistributed capital gains which the N.R.O. previously realized on the disposition of any other type of capital property,

   (b) any unrealized appreciation in the value of the N.R.O.'s capital property, and

(c) any accumulated income already taxed in the N.R.O.'s hands.

It follows that, unless appropriate amendments are made to the proposed legislation so as to ensure that N.R.O.'s and their shareholders are treated in a manner consistent with the treatment accorded to non-resident persons who invest directly in Canada, non-resident investors will no longer look upon N.R.O.'s as a suitable investment vehicle and many of these corporations will be wound up. In the result, a considerable amount of the capital now invested in Canada through the medium of N.R.O.'s may be lost. Such a consequence would be most unfortunate having regard to the importance of the role played by N.R.O.'s as a source of capital in Canada and to the contribution which such corporations otherwise make to the Canadian economy.

YOUR COMMITTEE RECOMMENDS that further consideration be given to the provisions of the proposed legislation relating to non-resident-owned investment corporations and appropriate amendments be made to ensure that there is neutrality (similarity) of tax treatment as between non-residents who invest directly in Canada and those who choose to invest through the medium of a non-resident-owned investment corporation, particularly with respect to the treatment of capital gains.

INSURANCE CORPORATIONS

A. Life insurance corporations

There was referred to your Committee a matter which does not arise directly out of the proposed legislation but, rather, represents a problem which exists under the present Income Tax Act and which will continue to exist under the proposed legislation. In view of the fact that this matter will continue to represent a problem under the new legislation, the Committee considers it appropriate and proper to raise this issue at this time.

The problem which has been raised relates to the income tax treatment of dividends received by life insurance corporations in respect of investments in shares of other taxable Canadian corporations and which are acquired out of non-segregated funds. These funds (which, for the sake of simplicity, are hereinafter referred to as the "General Funds" of a life insurance corporation) are invested and held for the benefit of the following groups of persons:

1. tax exempt policyholders, e.g., any person who owns a policy which is registered with the Department of National Revenue as a registered retirement savings plan or which is issued pursuant to a registered pension plan;
2. other polycyholders (excluding those persons owning policies, the reserves for which are invested in "segregated funds"), and
3. the corporation itself or, in the case of corporations other than mutual life insurance corporations, the corporation's shareholders.

In order to determine the amount of the corporation's liability for income tax, it is necessary to allocate the corporation's total investment income amongst these groups in accordance with a formula set out in the Income Tax Act and the Income Tax Regulations.

In examining this matter, your Committee was advised that the total amount of investment income allocable to each group under the provisions of the present law is reasonable in the circumstances and that no objection is taken to the use of a statutory formula for this purpose. The problem lies in the fact that each group is deemed under the allocation formula to share proportionately in each type of investment income earned by the General Funds (including dividends received from taxable Canadian corporations even if such corporations are subsidiaries of the life insurance corporation in question). As a result, part of such dividends are allocated to tax exempt policyholders, thereby reducing the amount of the deduction allowable in computing the corporation's taxable income in respect of dividends received from other taxable Canadian corporations. This also holds true under the proposed legislation.

As is often the case, the assumptions made in devising statutory formulas such as this can be in error. In the case of life insurance corporations, the polycyholders' funds must be invested in such a manner as to ensure that policy guarantees can be made and that such obligations can be met when the policies mature. Therefore, policyholders' funds are generally invested in fixed-interest type securities rather than in shares of other corporations. Most, if not all, of the investments in corporate shares are acquired out of the corporation's (or shareholders') funds and it follows that any allocation of dividend income contrary to this fact will result in the life insurer being effectively denied all of the dividend deductions to which it should properly be entitled. Most certainly, such a problem does not exist with respect to other corporations such as banks, trust companies and other similar financial institutions.

YOUR COMMITTEE RECOMMENDS that corporate dividend income received and arising from investments made by a life insurance corporation out of its non-segregated funds in shares of capital stock of corporations be excluded from the allocation of investment income formula set forth in the proposed legislation.

PRIVATE GENERAL INSURANCE CORPORATIONS

Under the proposed legislation there exists in at least two respects, a distinction between a private and public corporation. That is to say, depending on whether a corporate taxpayer is public or private, the income tax treatment of transactions may differ. These two differences may be summarized as follows:

1. A public corporation may receive dividends from other corporations without payment of tax, while a private corporation receiving a dividend from a non-controlled corporation, is subject to a tax of 33 1/3 per cent. This tax however is refundable to the corporation upon the payment of a further dividend to its shareholders.
2. A public corporation will not be entitled to any preferential tax treatment in respect of its taxable business income, however, a small private business corporation will be entitled to preferential tax treatment on its first $50,000 of taxable business income. This preferential treatment is subject to a number of restrictions. One of

these restrictions is that the after-tax profits of such a corporation must not be applied towards defined "ineligible investments" otherwise the corporation will be subject to a tax for so doing.

At the outset, your Committee wishes to commend the Government for retaining the concept of a preferential tax treatment for the small business corporation. However, as will be noted, your Committee believes that, first, the requirements are unusually restrictive and may defeat the purpose of the relieving provision; and secondly, little account appears to have been taken of other statutory provisions, both Federal as well as Provincial, relating to the business conduct of corporations, which provisions may be in conflict with the restrictions as set forth in the relieving provisions. Private general insurance corporations are but one example of this latter category.

Moreover, the private general insurance corporation may not only be at odds with the proposed legislation in respect of "ineligible investments", because of other legislation that is imposed upon it, but such a corporation may also be unable to comply with the proposed "33 1/3 refundable tax" rule, for the same reason. Both of these matters are hereinafter dealt with.

Your Committee would turn first to the question of the "33 1/3 per cent refund tax" rule and its application to a private corporation. In the case of private general insurance corporations, your Committee has ascertained that the *Canadian and British Insurance Companies Act* (R.S.C., 1970, Chap. 1-15) will severely limit such a corporation from applying this rule in its favour. There are two reasons:

1. Pursuant to Section 105 of this Act, a federal Canadian insurance company is prohibited from declaring and paying dividends in excess of 75 per cent of its average profits for the three preceding years.
2. Further, pursuant to Section 103 of this Act, a federal Canadian insurance company must maintain at all times, assets of 115 per cent in relation to 100 per cent of its liabilities as a solvency test, this test conditioning as well, the payment of dividends. Unfortunately, "refundable tax" would not be treated as an admitted asset for the purpose of rhe solvency test under this Act.

The only comment which your Committee can make with regard to this question is that it represents an almost classic example of income tax theory being contrary to the required practice of the everyday business world.

Similarly,and as already noted, there is danger that an analogous result may also occur in respect of the private general insurance corporation and the tax to be levied where a corporation has made an "ineligible investment". Pursuant to Section 63 of the *Canadian and British Insurance Companies Act* (R.S.C., 1970, Chap. I-15) an insurance company is obliged to invest in securities that would otherwise be considered as "ineligible" for the purpose of the proposed legislation. In this respect the proposed legislation is therefore possibly in conflict with and inconsistent with, another federal statute known as the *Canadian and British Insurance Companies Act* (R.S.C., 1970, Chap. I-15). A similar result will also prevail in respect of the various Provincial acts.

YOUR COMMITTEE RECOMMENDS that special provisions be introduced to alleviate the position of those private corporations which cannot take advantage of "refundable tax" by reason of any conflicting or inconsistent statutory law governing their conduct.

Similarly, that special provisions be introduced to provide that in the case of a private general insurance corporation, compliance with the investment requirements of governing federal or provincial legislation shall not constitute "ineligible investments".

Respectfully submitted,

Salter A. Hayden,

Chairman.

Routine Proceedings

Wednesday, 1st December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRY

By the Honourable Senator Welch:

24th November—That he will call the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.

Orders of the Day

Wednesday, 1st December, 1971

No. 1.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

No. 2.

30th November—Consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of the 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(*Honourable Senator Hayden*).

No. 3.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Quart*).

No. 4.

19th October—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.—(*Honourable Senator Smith*).

No. 5.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 6.

25th February—Resuming the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.—(*Honourable Senator Langlois*).

For Thursday, 2nd December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, DECEMBER 1, 1971	
356–S	Legal and Constitutional Affairs (*Parole System in Canada*)	10.00 a.m.
	THURSDAY, DECEMBER 2, 1971	
260–N	Science Policy (*To discuss Volume II of the Report—In Camera*)	11.30 a.m.
356–S	National Finance (*Supplementary Estimates (A) for the fiscal year ending March 31, 1972: Mr. G. Osbaldeston, Deputy Secretary (Program Branch) Treasury Board; Mr. B. A. MacDonald, Director General (Budget Coordination) Treasury Board*)	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 120

Wednesday, 1st December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Denis,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Goldenberg,
Gouin,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Lamontagne,
Lang,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McDonald,
McGrand,
McNamara,
Michaud,
Molson,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Smith,
Sparrow,
Thompson,
van Roggen,
Walker,
Welch,
White,
Willis,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of list of the Directors and Executive Officers of the Canada Development Corporation.

Ordered, That the Order of the Day for the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971, be brought forward.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.

After debate,
The Honourable Senator Flynn, P.C., moved, seconded by the Honourable Senator Choquette, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Welch called the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.

After debate,
The Honourable Senator Hays, P.C., moved, seconded by the Honourable Senator Denis, P.C., that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of a White Paper presented to the British Parliament by the Secretary of State for Foreign and Commonwealth Affairs, setting forth proposals for a settlement with Rhodesia. (English text).

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Kinnear, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to some aspects of the economic climate.

Debated.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Desruisseaux calling the attention of the Senate to the Canadian film industry.

Debated.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 2nd December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRY

By the Honourable Senator Haig:

1st December—That he will call the attention of the Senate to the Twenty-sixth Meeting of the General Assembly of the United Nations (1971), and in particular to the discussions and proceedings and the participation therein of the observers from the Parliament of Canada.

Orders of the Day

Thursday, 2nd December, 1971

No. 1.

1st December—Resuming the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(*Honourable Senator Flynn, P.C.*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 4.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Hays, P.C.*).

No. 5.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

No. 6.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, DECEMBER 2, 1971	
253–D	Library of Parliament	9.30 a.m.
356–S	National Finance (*Supplementary Estimates (A) for the fiscal year ending March 31, 1972: Mr. G. Osbaldeston, Deputy Secretary (Program Branch) Treasury Board; Mr. B. A. MacDonald, Director General (Budget Co-ordination) Treasury Board*)	10.00 a.m.
260–N	Science Policy (*To discuss Volume II of the Report*) (*In Camera*)	11.30 a.m.
263–S	Internal Economy, Budgets and Administration	12.00 noon

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Minutes of the Proceedings of the Senate

No. 121

Thursday, 2nd December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Denis,
Deschatelets,
Duggan,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Goldenberg,
Grosart,
Haig,
Hastings,
Hays,
Isnor,
Kickham,
Kinnear,
Lafond,
Langlois,
Lefrançois,
Macdonald,
Macnaughton,
Martin,
McDonald,
McGrand,
McNamara,
Michaud,
Molson,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Smith,
Sparrow,
Stanbury,
Thompson,
van Roggen,
Walker,
White,
Willis,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk in the following words:—

TUESDAY, November 30, 1971.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the names of Messrs. Gibson, Hogarth, Marchand (*Kamloops-Cariboo*), Prud'homme and De Bané have been substituted for those of Messrs. Dupras, LeBlanc (*Rimouski*), Smith (*Northumberland-Miramichi*), Stewart (*Cochrane*) and Laflamme on the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada.

Attest

ALISTAIR FRASER,
The Clerk of the House of Commons.

Ordered, That the Message do lie on the Table.

The Honourable Senator Everett, from the Standing Senate Committee on National Finance which was authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1972, presented to the Senate the Report of the said Committee on the said Supplementary Estimates (A).

Ordered, 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.

(*See Appendix to the Minutes of the Proceedings of the Senate of this day, at pages 472-475*).

The Honourable Senator Everett moved, seconded by the Honourable Senator Kinnear, that the Report be taken into consideration at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:
That when the Senate adjourns today, it do stand adjourned until Tuesday next, 7th December, 1971, at eight o'clock in the evening.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Haig called the attention of the Senate to the Twenty-sixth Meeting of the General Assembly of the United Nations (1971), and in particular to the discussions and proceedings of the Assembly and the participation therein of the observers from the Parliament of Canada.

Debated.

The Order of the Day being called to resume the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Bonnell resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Fergusson, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honorable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being read,

With leave of the Senate,

The Honourable Senator Forsey resumed the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.

After debate,

The Honouraple Senator Martin, P.C., moved, seconded by the Honourable Senator Everett, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—

Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—

Ordered, That it be postponed until Wednesday, 15th December, 1971.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Smith,

That the Senate do now adjourn.

The question being put on the motion, it was—

Resolved in the affirmative.

APPENDIX

Thursday, December 2, 1971.

The Standing Senate Committee on National Finance, to which were referred the Supplementary Estimates (A) for the fiscal year ending March 31, 1972, has in obedience to the order of reference of November 24, 1971, examined the said Supplementary Estimates and reports as follows:

1. The Committee has examined the said Supplementary Estimates (A) and has heard evidence thereon from Mr. G. Osbaldeston, Deputy Secretary, Programs Branch, Treasury Board, and Mr. B. A. MacDonald, Director General, Budget Coordination, Treasury Board.

2. The said Supplementary Estimates (A) provide for total expenditures for which Parliament will be asked to provide funds in the amount of $361,925,284; budgetary estimates of a statutory nature of $198,111,500 and loans, investments and advances in the amount of $311,985,001. This brings the total of the Main and Supplementary Estimates for the current fiscal year to $16,212,940,921. The Main Estimates called for an expenditure of $15,340,919,136. Supplementary Estimates (A) increase this by $872,021,785.

3. Included in the said Supplementary Estimates (A) are eighteen $1 items, an explanation of which was provided by the officials of the Treasury Board and is attached to this report.

4. The budgetary expenditures to be voted upon amount to $361,925,284 and include the following major items:

$21 million to implement the first two steps to achieve pay parity in the Armed Forces;

$10 million to cover losses in coal mining incurred by the Cape Breton Coal Mining Corporation;

$22 million for relief of Pakistani refugees;

$25 million to cover the opportunities for youth program of last summer;

$7 million for other items related to the employment of students last summer;

$100 million for the local initiatives program of the Department of Manpower and Immigration;

$20 million for the on-the-job training program of the Department of Manpower and Immigration;

$15 million for additions to the regular manpower training program; and

$80 million for federal labour intensive projects.

$198,111,500 is provided for budgetary expenditures of a statutory nature, of which the main items are:

$80 million for the statutory provision for grants under the Employment Support Act; and

$62 million for costs relating to the Medical Care Act and the Hospital Insurance and Diagnostic Services Act.

Loans, investments and advances total $311,985,001 of which the main items are:

$95 million in loans to Atomic Energy of Canada Limited to finance the rehabilitation of the Glace Bay Heavy Water Plant;

$32 million in loans under the automotive adjustment assistance program in connection with the Agreement on Automotive Products (Auto Trade Pact).

It is noted that approximately 60% of all the budgetary items, statutory and non-statutory, concern unemployment measures.

5. The Committee requested the Treasury Board to provide it with the terms, conditions and present status of loans under the adjustment assistance program in connection with the Agreement On Automotive Products (Auto Trade Pact).

6. The Committee complimented the Treasury Board on the excellent publication entitled "How Your Tax Dollar is Spent" and suggested that it would be improved by including more information on the subject of loans, investments and advances.

7. The Committee requested information concerning the present status of the $80 million provision for the statutory provision for grants under the Employment Support Act. More specifically, it requested information on the total amount of present commitments, the present outlook for commitments up to the end of 1972, a list of commitments by industry and by province and the total employment affected by such commitments.

8. The Committee requested the Treasury Board to examine its method of preparing Estimates to see whether more information can be provided on the terms, conditions and status of all loans, investments and advances in Main and Supplementary Estimates. Officials of the Treasury Board undertook to examine this matter and to report back on the feasibility of providing such information.

9. The Committee requested the Treasury Board to provide along with the Main Estimates and the Supplementary Estimates the total spending program of the Federal Government, including all loans, investments and advances of a previously approved nature, comparing them from year to year in dollar amounts and in terms of a percentage of the Gross National Product. Officials of the Treasury Board undertook to examine this matter and to report on the feasibility of providing such information.

Respectfully submitted.

D. D. EVERETT
Chairman

EXPLANATION OF ONE DOLLAR ITEMS SUPPLEMENTARY ESTIMATES (A), 1971-72

Summary

The one dollar items included in these Estimates have been grouped in the attached according to purpose.

A One dollar items authorizing transfers from one vote to another within a Ministry to meet certain increased costs, additional expenditures to be incurred or to reallocate certain funds (3 items).

B One dollar items which require listing in the Estimates in order to secure approval of certain grants and contributions (10 items—includes item 10a for Industry, Trade and Commerce and item 15a for National Health and Welfare which also appear in Section A).

C One dollar items which are legislative in nature (7 items including two to authorize deletion of debts due the Crown).

SECTION A

ONE DOLLAR ITEMS AUTHORIZING TRANSFERS FROM ONE VOTE TO ANOTHER WITHIN A MINISTRY TO MEET CERTAIN INCREASED COSTS, ADDITIONAL EXPENDITURES TO BE INCURRED OR TO REALLOCATE CERTAIN FUNDS (3 ITEMS).

Industry, Trade and Commerce

Vote 10a (also listed in Section B)—Amount of transfer to this vote $2,299,999.

Purpose—This additional amount will be used to provide for the payment of:

(*a*) contributions to develop and sustain an increment in exports of Canadian goods and services $ 250,000

(*b*) a further contribution to assist Canadian manufacturing industry in financing the cost of industrial design projects $ 250,000

(*c*) additional contributions to assist in the advancement of technological capability of Canadian manufacturing industry by supporting selected civil (non-defence) development projects $1,800,000

Source of Funds—Vote 35 ($2,299,999)—Funds are available due to forecast requirements being less for the operation of program during 1971-72 than was expected.

National Health and Welfare

Vote 15a (also listed in Section B)—Amount of transfer to this vote $899,999.

Purpose—To provide for contributions in support of health oriented innovative services projects (such as street clinics) related to the non-medical use of drugs.

Source of Funds—Vote 35 ($899,999)—Funds were provided under Vote 35 of the Main Estimates for all innovative services related to non-medical use of drugs. Funds are therefore being transferred to Vote 15 to cover the cost of the health oriented projects related to innovative services which were carried out within the Health Insurance and Resources Program.

Veterans Affairs

Vote 24a—Amount of transfer to this vote $1,076,999.

Purpose—To provide for the transfer of the required operating funds following the establishment by legislation of the new Bureau of Pension Advocates.

Source of Funds—Vote 1 ($1,076,999)—The funds for the operation of this program were originally provided under the Administration Vote in the Main Estimates for 1971-72.

SECTION B

ONE DOLLAR ITEMS WHICH REQUIRE LISTING IN THE ESTIMATES IN ORDER TO SECURE APPROVAL OF CERTAIN GRANTS AND CONTRIBUTIONS (10 ITEMS—INCLUDES ITEM 10a FOR INDUSTRY, TRADE AND COMMERCE AND ITEM 15a FOR NATIONAL HEALTH AND WELFARE WHICH ALSO APPEAR IN SECTION A).

Indian Affairs and Northern Development

Vote 5a—to authorize a grant of $40,000.

Explanation—The grant to the Manitoba Indian Brotherhood is to assist with the cost of centennial commemoration of the signing of peace treaties.

Source of Funds—Vote 5—Funds originally provided for operating expenditures will be used to pay this grant.

Industry, Trade and Commerce

Vote 10a—(also listed in Section A)—To authorize contributions totalling $3,050,000.

Explanation—This additional amount will be used to provide for the payment of:

(*a*) contributions to develop and sustain an increment in exports of Canadian goods and services $ 250,000

(*b*) contributions to increase Canadian industrial participation in capital projects abroad $ 750,000

(*c*) A further contribution to assist Canadian manufacturing industry in financing the cost of industrial design projects $ 250,000

(*d*) Additional contributions to assist in the advancement of technological capability of Canadian manufacturing industries by supporting selected civil (non-defence) development projects $1,800,000

Source of Funds—Vote 35—Funds are available due to forecast requirements being less for the operation of program during 1971-72 than was expected.

Justice

Vote 1a—To authorize a payment of three grants totalling $21,500.

Explanation—The three grants consist of:

(1) A grant of $10,000 to the Association of Canadian Law Teachers (Poverty Law Section) to assist with the expenses of a National Conference on Law and Poverty. This grant has already been paid through the use of funds from Treasury Board Contingencies Vote.

(2) A grant of $10,000 to the International Commission of Jurists.

(3) A grant of $1,500 to the L'Institut International de Droit d'Expression Française (I.D.E.F.)

Source of Funds—Vote 1—It is planned to use funds originally provided for operating expenditure.

Labour

Vote 1a—To authorize a grant of $500,000.

Explanation—This additional amount is required to provide for claims against Transitional Assistance Benefits by unemployed workers from automotive manufacturing and part industries. These payments have already been made through the use of Treasury Board Contingencies Vote funds.

Source of Funds—Funds are available from the Adjustment Assistance Benefits Activity based on the forecast requirements of the Textile and Clothing Board.

Manpower and Immigration

Vote 15a—To authorize grants of $110,000.

Explanation—It is proposed to provide additional grants to Immigrant Welfare Organizations to assist with immigrant counselling and settlements.

Source of Funds—Vote 15—Funds are available due to certain reductions made in operating expenditures.

Vote 20a—To authorize grants of $50,000.

Explanation—It is proposed to provide an additional $50,000 to private and public groups in support of manpower research and development.

Source of Funds—Vote 20—Funds are available due to certain reductions made in operating expenditures.

National Defence

Vote 1a—To authorize the payment of a new grant and other increased grants totalling $122,876.

Explanation—It is proposed to provide a new grant and to increase certain grants to various organizations as follows:

(*a*) A new grant is proposed for the Army Cadet League of Canada (This grant has already been paid through the use of funds from Treasury Board Contingencies Vote	$60,000
(*b*) Grants to assist in the establishment and maintenance of military studies at Canadian Universities, including the payment of associated fellowships, are to be increased	$35,000
(*c*) Increases totalling $20,000 are proposed to grants paid to the Navy League of Canada and the Air Cadet League of Canada	$20,000
(*d*) The grant to the Conference of Defence Associations is to be increased	$ 6,100
(*e*) Minor adjustments are to be made to grants to several military and United Service Institutes	$ 1,776

Source of Funds—Vote 1—Funds are available for the payment of these grants mainly due to civilian staff vacancies in the program.

National Health and Welfare

Vote 15a (Also listed in Section A)—To authorize the payment of contributions of $900,000.

Explanation—To provide for contributions in support of health oriented innovative services projects (such as street clinics) related to the non-medical use of drugs.

Source of Funds—Vote 35—Funds were provided under Vote 35 of the Main Estimates for all innovative services related to non-medical use of drugs. Funds are therefore being transferred to Vote 15 to cover the cost of the health oriented projects related to innovative services which were carried out within the Health Insurance and Resources Program.

Vote 35a—To authorize grants and contributions totalling $565,000.

Explanation—The following grants and contributions are proposed:

(1) It is planned to provide grants to provincial and voluntary family planning agencies as well as to assist with certain special projects in this area	$300,000
(2) To provide an additional sustaining grant to the Canadian Council on Social Development (formerly Canadian Welfare Council)	$115,000
(3) To provide for an increase in the contributions to be paid under the National Welfare Grants Program	$150,000

Source of Funds—Vote 35—Funds are available under the family assistance program due to a lower immigration rate during 1971 than was expected.

Solicitor General—Royal Canadian Mounted Police

Vote 20a—To authorize a grant of $24,000.

Explanation—An additional grant of $24,000 has been paid to the Canadian Association of Chiefs of Police. This grant has been paid through the use of funds from the Treasury Board Contingencies Vote.

Source of Funds—Vote 20—It is planned to use funds originally provided for operating expenditures to pay this grant.

SECTION C

ONE DOLLAR ITEMS WHICH ARE LEGISLATIVE IN NATURE (7 ITEMS including two to authorize deletion of debts due the Crown).

Indian Affairs and Northern Development

Vote L16a—To authorize an extension to the Vote-wording so as to permit the making of certain loans and advances to Indians and Eskimos.

Explanation—This extension in authorization is proposed in order, that loans and advances may be made available to Indians and Eskimos for the carrying out of repairs or improvements which are required when they purchase houses off reserves. Under the present authority the cost of these improvements or repairs cannot be included in determining the amount of the loan.

Industry, Trade and Commerce

Vote 11a—To authorize an extension to the vote wording so as to not only increase the amount of Loan insurance available under the General Adjustment Assistance Program but also to extend the date of eligibility and to provide, at a level determined by Treasury Board, loan insurance on those assets secured to protect the Crown's interest.

Explanation—This explanation is proposed to enable the Government of Canada to provide loan insurance to a manufacturer who has been adversely affected by the imposition of a temporary import surtax or similar action by a foreign government. Authority is also included to increase not only the aggregate a mount of the loan insurance to be provided to $250 million but also to extend the date of eligibility for such insurance to January 1, 1976. In addition authority has been included to enable the General Adjustment Assistance Board to insure loans in order to protect the Crown's interest in the assets securing loans previously made under this program. The amount of the loan insurance which may be made to protect the Crown's interest will be limited to a level determined by the Treasury Board.

National Health and Welfare

Vote 40a—To authorize an increase of $1,000,000 in the statutory aggregate amount of payments that may be made under the Fitness and Amateur Sport Act.

Explanation—The increase in the statutory provision under the Fitness and Amateur Sport Program is required to permit payment of athletic scholarships of up to $1 million to eligible students. These athletic scholarships are granted to full-time students attending Canadian high schools, colleges or universities.

Secretary of State—Canadian Film Development Corporation

Vote 63a—To authorize an increase in the statutory appropriation of the Canadian Film Development Corporation Advance Account.

Explanation—This increase in the statutory limit will permit the Corporation to make new commitments for the purpose of encouraging the development of the Canadian feature film industry through loans, grants, awards and investments.

Treasury Board

Vote 10a—To authorize an extension to the Vote-wording so as to permit payment of employer contributions in respect of all public servants beginning January 2, 1972.

Explanation—The present vote-wording restricts the payment of employer contributions to those made on behalf of employees paid through the Central Pay Office. The revised vote wording will enable such contributions to be made on behalf of all employees whether paid through the Central Pay office or through departmental field offices. This revision is required as a result of the amending of the Unemployment Insurance Act on June 7, 1971.

Veterans Affairs

Vote 5a—Authority is requested to delete certain accounts due amounting to $43,460.46.

Explanation—It is proposed to delete debts due to overpayments of War Veterans Allowances. These debts involve debtors who have died without estates or have died leaving estates to which, in the opinion of the Department of Justice, the Department has no recourse to recover the debt.

Vote 25a—To authorize the deletion of certain accounts due, amounting to $18,653.52.

Explanation—It is proposed to write off a debt due from an elderly widowed mother who is presently living in the United States on public welfare and is without assets. This debt originated through the payment over a number of years of a pension to which she was not entitled.

Routine Proceedings

Tuesday, 7th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Tuesday, 7th December, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Martin, P.C.*).

No. 2.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Martin, P.C.*).

No. 3.

2nd December—Consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending the 31st March, 1972.—(*Honourable Senator Everett*).

No. 4.

1st December—Resuming the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(*Honourable Senator Flynn, P.C.*).

No. 5.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 6.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Hays, P.C.*).

For Wednesday, 15th December, 1971.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour

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Minutes of the Proceedings of the Senate

No. 122

Tuesday, 7th December, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Deschatelets,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Goldenberg,
Grosart,
Haig,
Hastings,
Hayden,
Hays,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lawson,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molson,
Nichol,
O'Leary,
Paterson,
Petten,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Stanbury,
Thompson,
van Roggen,
Walker,
Welch,
Yuzyk.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of an Agreement between the Government of Canada and the Government of Norway on sealing and the conservation of the seal stocks in the Northwest Atlantic. Done at Ottawa July 15, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of Norway, dated July 15, 1971, constituting an Agreement with respect to Norwegian fishing practices off the Atlantic coast of Canada. In force July 15, 1971.

With leave of the Senate,
The Honourable Senator Macdonald moved, seconded by the Honourable Senator Blois:

That the name of the Honourable Senator Quart be substituted for that of the Honourable Senator Méthot on the list of Senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator McGrand resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Langlois, moved, seconded by the Honourable Senator Croll, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called for the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending the 31st March, 1972,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until Tuesday, 21st December, 1971.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.

After debate,
The Honourable Senator Langlois for the Honourable Senator Argue moved, seconded by the Honourable Senator Bourget, P.C., that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 8th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

By the Honourable Senator Langlois:

7th December—That for the balance of the present Session, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Orders of the Day

Wednesday, 8th December, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 2.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 3.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Martin, P.C.*).

No. 4.

2nd December—Consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending the 31st March, 1972.—(*Honourable Senator Everett*).

No. 5.

1st December—Resuming the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(*Honourable Senator Flynn, P.C.*).

For Wednesday, 15th December, 1971.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, DECEMBER 8, 1971	
256–S	Banking, Trade and Commerce (*In Camera*) (*Tax Reform Legislation, 1971*).....	10.00 a.m.
356–S	Legal and Constitutional Affairs (*In Camera*) (*Consideration of Parole System in Canada*)....	11.00 a.m.

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Minutes of the Proceedings of the Senate

No. 123

Wednesday, 8th December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Blois,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Goldenberg,
Grosart,
Haig,
Hastings,
Hayden,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lawson,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molson,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rattenbury,
Smith,
Sparrow,
Thompson,
van Roggen,
Walker,
Welch.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of document entitled "Evaluation of the Opportunities for Youth Program, 1971", dated December 1971, issued by the Department of the Secretary of State.

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

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until later this day.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Manning, P.C., resumed the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.

After debate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Fergusson, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1972.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Smith, that the Report be adopted now.

With leave of the Senate,
The Honourable Senator Grosart moved, seconded by the Honourable Senator Blois, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Burchill resumed the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.

After debate,
The Honourable Senator Flynn, P.C., moved, seconded by the Honourable Senator Grosart, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being again called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until Tuesday next, 14th December, 1971.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,
That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 9th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

By the Honourable Senator Langlois:

7th December—That for the balance of the present Session, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Orders of the Day

Thursday, 9th December, 1971

No. 1.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

No. 2.

8th December—Resuming the debate on the motion of the Honourable Senator Langlois, seconded by the Honourable Senator Smith, for the adoption of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending the 31st March, 1972.—(*Honourable Senator Grosart*).

No. 3.

1st December—Resuming the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(*Honourable Senator Flynn, P.C.*).

No. 4.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 14th December, 1971.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

For Wednesday, 15th December, 1971.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, DECEMBER 9, 1971	
256–S	Banking, Trade and Commerce (*In Camera*) (*Tax Reform Legislation, 1971*).....	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 124

Thursday, 9th December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Buckwold,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Davey,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Giguère,
Goldenberg,
Grosart,
Haig,
Hastings,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lawson,
Lefrançois,
Macdonald,
Manning,
Martin,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Quart,
Rattenbury,
Smith,
Sparrow,
Thompson,
van Roggen,
Walker,
Yuzyk.

PRAYERS.

RULING BY THE HONOURABLE THE SPEAKER

Honourable Senators,

On Thursday, November 25th, 1971, during the debate on the report of the Standing Senate Committee on Legal and Constitutional Affairs, respecting the examination of the parole system in Canada, the Leader of the Opposition suggested that, in the light of the discussion, the proper course would be to adjourn the debate.

Honourable Senator Grosart then claimed that "we have no provision whatsoever in our rules for the adjournment of a debate".

He then quoted Rules 36(1) and 46(c) in support of his contention and added—

> "In order to bring ourselves into line with our rules, this might be the time to suggest that, instead of attempting to adjourn a debate, we postpone it to a certain day. This would, I submit, be in keeping with our rules, which I believe is the desire of this chamber."

I have examined quite thoroughly the matter raised by the Honourable Senator Grosart. All these rules already mentioned have existed since 1906, and Senate practice shows that Rule 46(h), which provides that no notice is required for the adjournment of a debate, has been used consistently. Rule 46(h) is there. It has become Senate practice and I have no hesitation in ruling that it is perfectly in order to proceed under 46(h).

Honourable Senator Grosart implied that the terms postponed and postponement in Rules 36(1) and 46(c) are to be interpreted restrictively. This is a contention that I cannot sustain.

In my opinion these rules should be interpreted in the light of continued Senate practice and therefore I must rule that a motion to adjourn a debate is in accordance with Senate rules and practice.

The point raised is an interesting one and I would think that on an appropriate occasion the Standing Committee on Standing Rules and Orders might wish to consider this apparent conflict between Rules 36(1), 46(c) and 46(h).

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of Ordinances passed by the Council of the Yukon Territory at its 1971 Third Session, pursuant to section 20(1) of the *Yukon Act*, Chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1971-2654, dated November 30, 1971, approving same. (English text).

Report of the President and Statement of Accounts of the Industrial Development Bank for the fiscal year ended September 30, 1971, pursuant to section 30(4) of the *Industrial Development Bank Act*, Chapter I-9, R.S.C., 1970.

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until Monday next, 13th December, 1971, at eight o'clock in the evening.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the name of the Honourable Senator Thompson be substituted for that of the Honourable Senator Petten on the list of Senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The question being put on the motion, it was—

Resolved in the affirmative.

Ordered, That the Order of the Day to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government, as set down on the Orders of the Day for Tuesday, 14th December, 1971, be brought forward and placed on the Orders of the Day of this date.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—

Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Langlois, seconded by the Honourable Senator Smith, for the adoption of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1972.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

The Order of the Day being called to resume the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator O'Leary resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator O'Leary moved, seconded by the Honourable Senator Beaubien, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.

After debate,
The Honourable Senator Argue moved, seconded by the Honourable Senator Molgat, that further debate on the inquiry be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Smith,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Monday, 13th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

By the Honourable Senator Langlois:

7th December—That for the balance of the present Session, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Orders of the Day

Monday, 13th December, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator O'Leary*).

No. 2.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 3.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

No. 4.

1st December—Resuming the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(*Honourable Senator Flynn, P.C.*).

For Wednesday, 15th December, 1971.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	MONDAY, DECEMBER 13, 1971	
256–S	Banking, Trade and Commerce (*Tax Reform Legislation, 1971*)	2.30 p.m.
	WEDNESDAY, DECEMBER 15, 1971	
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*)	2.30 p.m.
	THURSDAY, DECEMBER 16, 1971	
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*)	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 125

Monday, 13th December, 1971

8.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Burchill,
Carter,
Choquette,
Connolly (*Ottawa West*),
Croll,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Giguère,
Gouin,
Grosart,
Haig,
Hayden,
Inman,
Isnor,
Kinnear,
Lafond
Laird,
Lang,
Langlois,
Macdonald,
Macnaughton,
Manning,
Martin,
McGrand,
McNamara,
O'Leary,
Paterson,
Petten,
Phillips,
Quart,
Smith,
Sparrow,
Thompson,
Welch,
Yuzyk.

PRAYERS.

A Message was brought from the House of Commons by their Clerk with a Bill C-273, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972", to which they desire the concurrence of the Senate.

The Bill was read the first time.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll, that the Bill be read a second time later this day.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Superintendent of Insurance for Canada on Loan and Trust Companies for the year ended December 31, 1970, pursuant to section 8 of the *Department of Insurance Act*, Chapter I-17, R.S.C., 1970.

Copies of a contract between the Government of Canada and the municipality of Spruce Grove, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970. (English text).

Report of the Royal Commission on Pilotage (Chairman, The Honourable Mr. Justice Yves Bernier), Part V—Study of Canadian pilotage, Great Lakes System—dated August 5, 1971.

Report on the operation of the *Regional Development Incentives Act* and on "Special Area" incentives for the month of November 1971, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, December 8, 1971, pursuant to section 7 of the *Regulations Act*, Chapter R-5, R.S.C., 1970.

The Honourable Senator Hayden, from the Standing Senate Committee on Banking, Trade and Commerce which was authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 14th September, 1971, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto, tabled the Final Report on the Summary of 1971 Tax Reform Legislation.

Ordered, 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.

(*See Appendix to the Minutes of the Proceedings of the Senate of this day following page 487*).

With leave of the Senate,
The Honourable Senator Hayden moved, seconded by the Honourable Senator Fournier (*de Lanaudière*), that the Report be taken into consideration now.

The question being put on the motion, it was—
Resolved in the affirmative.

The Senate proceeded to the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled this day.

After debate,
The Honourable Senator Connolly, P.C., moved, seconded by the Honourable Senator Burchill, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to Order, the Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C., that the Bill C-273, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972", be read the second time.

After debate,
The Honourable Senator Grosart moved, seconded by the Honourable Senator Haig, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcom-

ings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

APPENDIX

Standing Senate Committee on Banking, Trade and Commerce

Final Report

on

the Summary of 1971 Tax Reform Legislation

The Honourable Salter A. Hayden, Q.C., Chairman

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman*

The Honourable Senators,

Aird	Grosart
Beaubien	Haig
Benidickson	Hayden
Blois	Hays
Burchill	Isnor
Carter	Lang
Choquette	Macnaughton
Connolly (*Ottawa West*)	Molson
Cook	Smith
Croll	Sullivan
Desruisseaux	Walker
Everett	Welch
Gélinas	White
Giguère	Willis—(28)

Ex officio members: Flynn and Martin

(Quorum 7)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, September 14, 1971:

"With leave of the Senate,

The Honourable Senator Hayden moved, seconded by the Honourable Senator Denis, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Summary of 1971 Tax Reform Legislation, tabled this day, and any bills based on the Budget Resolutions in advance of the said bills coming before the Senate, and any other matters relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative."

Robert Fortier,
Clerk of the Senate.

The Standing Senate Committee on Banking, Trade and Commerce having completed its examination and consideration of the Summary of 1971 Tax Reform Legislation and bills based on the Budget Resolutions in accordance with its terms of reference of September 14, 1971, now makes its final Report, as follows:

Two earlier reports called Preliminary Report and Preliminary Report No. 2 were tabled in the Senate on November 4, 1971, and November 30, 1971, respectively.

Attached to this Report is a statement prepared by our advisers setting out a list of technical changes required in Bill C-259 to clarify or correct the language of many provisions of the said bill.

Also attached is a list of the persons who made submissions to and appeared before your Committee to present their case for changes in the said Bill to avoid hardship in their operations. There is also set out a list of those who made submissions but did not personally appear.

Earlier today your Committee held its final meeting in connection with the reference made to it by the Senate. At this meeting the Minister of Finance appeared in response to an invitation extended by your Committee. Prior thereto the Chairman, with the approval of the Committee had several interviews with the Minister of Finance to discuss the recommendations made by the Committee in its several reports to the Senate and to obtain, if possible, some indication of the attitude of the Minister in relation thereto.

With the approval of the Committee, a list of top priority items among the recommendations in our two Reports was submitted to the Minister, together with amendments which in the view of our expert advisers and our Committee would incorporate the substance of the top priority recommendations contained in your Committee's Reports. This list is also attached hereto. In speaking by way of explanation to the Senate, the Chairman of the Committee will discuss these items indicating how many have already been dealt with and the reaction of the Minister to other of these items expressed in the House of Commons on December 10, 1971, and to your Standing Committee earlier this day.

The Minister of Finance stated in the House of Commons and before our Committee that an amending Bill would be put forward in the next session. In the House of Commons he said:

> There are a number of areas that the Government is actively studying at this time and I want to give the House some indication of our present thinking.... there will undoubtedly be a number of important amendments introduced next year and I think it is only fair that people should be aware of the direction of our planning.

In the Committee the Minister repeated what he said in the House of Commons and dealt in a particular way with the subject matter of the recommendations in your Committee's several Reports. These will be referred to in the course of the explanations given by the Chairman and will appear in the printed report of proceedings this day of the Committee.

Your Committee would direct your attention to the printed reports of its proceedings, particularly numbers 35 and 39. There you will find clear explanations of the principal subjects dealt with in Bill C-259, namely:

(1) Changes in personal Tax	Report P. 35-5 to P. 35-16
(2) Capital gains (with Summary at P. 35-16)	Report P. 35-16 to P. 35-42
(3) Valuation and Tax Free Zone	Report P. 35-39 to 40
(4) Partnerships and Professional Income	Report P. 35-43 to 51
(5) Corporations and Distributions to Shareholders	Report P. 35-51 to 61
(6) Dividend Tax Credit	Report P. 35-52
(7) Small Business	Report P. 35-54
(8) Inter Corporate Dividends	Report P. 35-54
(9) Designated Surplus	Report P. 35-54 to 55
(10) Investment Income of Private Companies	Report P. 35-55
(11) Complexity	Report P. 35-56 and 57
(12) International	Report P. 35-17 to 25
(13) Taxation with Summary	Report P. 39-17
(14) Estates and Death Duties (Summary at P. 39-5) and Trusts	Report P. 39-5 to 16

The above references are to a series of lectures or explanations on the various provisions of Bill C-259 with section references. Your Committee wishes to express its great appreciation to Mr. Arthur R.A. Scace and Mr. Stephen Smith for their assistance. It should be noted that their services were given without remuneration—expressly so stipulated.

In many of its aspects this Bill C-259 is very beneficial to taxpayers in Canada. The elimination from the tax rolls was estimated in 1970 at approximately 750,000 persons* now subject to tax and the increase in personal exemptions of all the taxpayers, the improved deductions for wage and salary earners, the incentives to small business, the deductibility of interest on money borrowed by one company to buy shares in another company, the ability of a corporation to distribute its 1971 undistributed income on hand on payment of a special 15% tax and thereupon to distribute without further tax its 1971 capital surplus on hand, the elimination of gift taxes and estate taxes, the continuance of dividend tax credit although different in form but beneficial—all these are some of the beneficial features of Bill C-259.

*Source: Senate Report on White Paper Proposals for Tax Reform.

In addition to the above sources of information available to Senators, Senate *Hansard* of November 24 and December 1, 1971, contain statements in narrative form of the meaning and scope and effect of the various provisions in Bill C-259 referred to in the several reports of your Committee.

Further, however, there is the Report of your Committee to the Senate on the White Paper Proposals for Tax Reform, dated September 1970. Therein you will find all the subject matter of the White Paper Proposals dealt with. Many of the headings are carried through to the Summary of 1971 Tax Reform Legislation and Bill C-259.

Your Committee wishes to acknowledge in a particular way the contribution of the Honourable Lazarus Phillips to our study of this Tax Reform Legislation and Bill C-259 as Chief Counsel to the Committee. You will recall he was Vice-Chairman of the Committee in its study of the White Paper Proposals. In the drafting of the Report of the Senate thereon, and in the preparation of the several reports of the Committee on its examination and consideration of Bill C-259, his advice and direction were invaluable.

Mr. Alan Irving and Mr. Douglas Ewens were part of our team of legal advisers. We were very fortunate in securing Mr. Irving's services at this time as he had worked with your Committee throughout the study of White Paper Proposals. Mr. Ewen's services were valuable to your Committee in the analysis of the submissions received and as an adviser to the Chairman. Both these men worked on the preparation of our several Reports and in the drafting of amendments. We wish to acknowledge the skill and judgment they brought to bear on the consideration of these matters.

Your Committee retained the services of Mr. Albert Poissant and Mr. Charles B. Mitchell, senior partners in the accounting firm of Thorne, Gunn, Helliwell and Christenson. Their services were invaluable in every phase of the work of your Committee.

As a result of all this work and the information thereby available to Senators, the consideration of this bill should be greatly facilitated. The introduction of an amending bill next year, which the Minister's statement would indicate, will afford the opportunity to the Senate to propose further amendments at that time, the nature and extent of which may be governed by such further and amending provisions as are incorporated in the amending Bill.

Respectfully submitted,

Salter A. Hayden,
Chairman.

APPENDIX "A"

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

SUBJECT: Summary of 1971 Tax Reform Legislation

BRIEFS SUBMITTED AND HEARD BY THE COMMITTEE

Date	Proceeding Number	
October 6, 1971	36	The Canadian Chamber of Commerce.
October 13, 1971	40 (A.M.)	Canadian Federation of Agriculture.
October 13, 1971	40 (P.M.)	Canadian Construction Association.
October 14, 1971	41	National Association of Canadian Credit Unions; Co-Operative Union of Canada; Allstate Insurance Company of Canada.
October 20, 1971	42 (A.M.)	Massey-Ferguson; Canadian Jewish Congress.
October 20, 1971	42 (P.M.)	Aluminium Company of Canada Limited.
October 21, 1971	43 (A.M.)	Canadian Bar Association.
October 21, 1971	43 (P.M.)	Simpsons Sears Ltd. and Simpsons Limited; Independent Petroleum Association of Canada.
October 27, 1971	44 (A.M.)	Noranda Mines Limited; Bethlehem Copper Corporation Ltd.; The Canadian Gas Association.
October 27, 1971	44 (P.M.)	ad hoc Committee of Voluntary Agencies.
October 28, 1971	45 (A.M.)	Canadian Petroleum Association; Mining Association of Canada; The Canadian Mutual Funds Association.
October 28, 1971	45 (P.M.)	The Canadian Pulp and Paper Association.
November 3, 1971	46 (A.M.)	Hollinger Mines Limited; The Canadian Life Insurance Association; Dominion Foundries and Steel Limited.
November 3, 1971	46 (P.M.)	The Canadian Institute of Chartered Accountants.
November 3, 1971	8:00 (P.M.)	*In camera Meeting.*
November 10, 1971	49	Institute of Profit Sharing; Insurance Bureau of Canada; The Royal Architectural Institute of Canada; Teachers Insurance and Annuity Association of America; Mining Association of British Columbia; Texaco Canada Limited.

BRIEFS SUBMITTED BUT NOT HEARD BY THE COMMITTEE

Investment Dealers Association of Canada;
Canadian International Power Company Limited;
Trans Canada PipeLine Limited;
Trust Companies Association of Canada;
Vancouver Board of Trade;
John Labatt Limited.

September 29, 1971 and September 30, 1971	Education Sessions on Bill C-259 with Messrs. Scace and Smith.

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APPENDIX "B"

Top Priority Recommendations by the STANDING COMMITTEE ON BANKING TRADE AND COMMERCE OF THE SENATE in its consideration of the Summary of 1971 Tax Reform Legislation.

1. Gifts, Bequests and Devises to Charities (1st Senate Report P. 47-10)
2. Employees Profit Sharing Plans (1st Senate Report P. 47-8)
3. Deferred Profit Sharing Plans (1st Senate Report P. 47-8)
4. Passive Income (1st Senate Report P. 47-5)
5. De Minimis Rule (1st Senate Report P. 47-7)
6. Tax-Exempt Non-resident Investors (2nd Senate Report P. 50-7)
7. Non-Resident owned Investment Corporations (2nd Senate Report P. 50-9)
8. Private General Insurance Corporations (2nd Senate Report P. 50-10)
9. Deemed Realization on Ceasing to be a Resident of Canada (1st. Senate Report P. 47-9)

Secondly—An Assurance that further consideration will be given to items recommended in the Senate Reports but not set out in the list of Top Priority Recommendations, more particularly in relation to rollovers (1st Senate Report P. 47-4) Consolidated Returns (1st Senate Report P. 47-15) Mining and Petroleum (1st Senate Report P. 47-10) (2nd Senate Report P. 50-8).

APPENDIX "C"

TAXATION OF INDIVIDUALS

1. Section 6(1)(e) and 15(5)—standby charge for automobile

Section 15(6) provides that the formula set out in Section 6(2) for determining the amount that would be a reasonable standby charge for an automobile that was made available to an employee by his employer shall also apply where a company car has been made available to a shareholder. These subsections fail to consider the situation where one car is made available for several shareholders and/or employees and appropriate amendments should be made.

2. Section 62(3)—Moving expenses (C.I.C.A.)

Subsection (3) of Section 62 provides that the cost of cancelling a lease on one's residence is an allowable moving expense for purposes of determining the amount deductible under Section 62(1) in respect of expenses incurred in moving to a new work location. There is no similar provision for bona fide costs incurred in connection with the assignment of such a lease. As all landlords may not be prepared to cancel a taxpayer's lease and the taxpayer may therefore be forced to sublet (incurring costs in connection therewith), the definition of the term "moving expenses' should be extended by amending paragraph (d) of Section 62(3) to read as follows:

> "(d) the cost to him of cancelling or <u>otherwise disposing</u> of the lease, if any, by virtue of which he was the lessee of his old residence".

3. Section 63—Child care expenses (C.B.A.)

Where a taxpayer is employed by his spouse, the taxpayer's remuneration from such employment is to be included in the spouse's income for tax purposes under the provisions of Section 74(3) of Bill C-259 and excluded from the taxpayer's income for tax purposes. Because of this and because one of the limitations on the amount allowable as a deduction under Section 63 in respect of child care expenses is that the deduction cannot exceed two-thirds of the taxpayer's earned income for the year, a married woman who is employed by her husband may be unable to take advantage of the child care expense deduction. Further, no deduction will be allowed to the husband in these circumstances as he will not comply with the conditions contained in paragraph (b) of Section 63(1) because his wife was not incapacitated or confirmed to prison. Provision should be made to allow the husband a deduction in these circumstances, at least in those cases where it can be established that his wife was a bona fide full-time employee for the period in respect of which the expenses were incurred.

A similar problem arises as a result of the attribution rules in Section 74(4) where a married woman is employed by a partnership of which her husband is a partner.

In addition, where a husband and wife are partners in a business and the Minister of National Revenue exercises his discretionary power under the provisions of Section 74(5) and thereby attributes all of the firm's income to the husband, one of the effects may be to deny any deduction for child care expenses even though the expenses were incurred to enable the taxpayer's wife to devote her time and energies to the partnership business.

APPENDIX "D"

CAPITAL GAINS

1. Section 2(3)(c)—Tax payable by non-resident persons (C.A.B.)

The first specific clause in Bill C-259 which deals with disposition of properties on which a taxable capital gain may be realized by non-residents is Section 2(3)(c). This provision appears to define persons not resident in Canada who can fit within the categories outlined in Division D of the Bill and implies that any person who at any time in the past disposed of "taxable Canadian property" (as defined in Section 115(1)(b)) is subject to the provisions of Division D—even though he may have no taxable income for purposes of Division D and, hence, not be subject to tax in any event. There seems to be no apparent necessity for drawing the net so wide.

2. Section 13(4)—Insurance proceeds and other compensation in respect of the loss or destruction of property (C.I.C.A.)

Section 13(4) of Bill C-259 has the same technical defect as its predecessor in the present Income Tax Act (viz. Section 20(5a)).

The purpose of this provision is to allow taxpayers an additional period of grace in which to expend insurance proceeds or other compensation received in respect of the loss or destruction of depreciable assets without being subject to tax on recaptured capital cost allowance. Ordinarily, where a class of depreciable assets is in credit balance at the end of a taxation year because the taxpayer disposed of assets for an amount in excess of the undepreciated capital cost of property in that class and did not expend a sufficient portion of the proceeds in that same year to bring the class into debit balance at the end of the year by acquiring additional depreciable assets of that class, the amount of the credit balance is included in income as recaptured capital cost allowance. However, where the credit balance arises because of insurance proceeds or other compensation receivable in respect of the loss or destruction of depreciable assets, then, by virtue of Section 13(4) the amount of the credit balance will not be treated as recaptured capital cost allowance to the extent that it is expended by the taxpayer in the immediately following taxation year on the acquisition of depreciable property of the same class as that lost or destroyed.

Where the asset destroyed is a building, the taxpayer will obtain the benefit of this relieving provision to the extent that any credit balance in the relevant class of buildings at the end of the taxation year in which the insurance proceeds or other compensation becomes payable is expended by him in the immediately following taxation year on the acquisition of a building of any class, whether or not it is of the same class as the building that was destroyed. However, because of an anomaly in the Bill (and in the present Act), where a taxpayer chooses to replace a destroyed building by a building of another class and he does so by acquiring such other building in the taxation year in which the proceeds of insurance or other compensation becomes payable (rather than in the immediately following taxation year) he will, upon a technical interpretation, be subject to tax on recapture.

In order to remove this anomaly, it is recommended that paragraph (c) of Section 13(4) be amended to read as follows:

> "(c) the amount shall, to the extent that it has been expended by the taxpayer
>
> (i) in the taxation year immediately following the initial year on acquiring property of the same class,
>
> (ii) in the initial year or in the taxation year immediately following the initial year on acquiring, if the property so lost, destroyed, taken or sold was a building, a building of a prescribed class, or
>
> (iii) ....."

3. Section 44—Deferral of gain on involuntary dispositions (C.C.C.)

Section 44 provides for a deferral of gain on involuntary dispositions of capital property where the gain arises by virtue of the fact that the taxpayer has received (or is entitled to receive)

> (a) proceeds of insurance or other compensation in respect of the loss or destruction of capital property,
>
> (b) compensation for capital property taken under statutory authority, or
>
> (c) the proceeds of sale of capital property which was sold to a person by whom notice of intention to take under statutory authority was given,

and the taxpayer has expended an amount at least equal to the gain before the end of the immediately following taxation year acquiring a replacement for the former property.

It is recommended that these deferral provisions be extended to apply to a gain realized where capital property is unlawfully taken and the taxpayer becomes entitled to receive compensation therefor. This amendment may be accomplished by changing Section 44 to read as follows:

> "Where in a taxation year a taxpayer has received proceeds of disposition described in subparagraph 54(h)(ii), (iii) or (iv) of any property . . ."

4. Section 53(2)(a)(i)—Adjustments to the cost base of capital property (C.C.C.)

Subparagraph (i) of Section 53(2)(a) provides that any amount received by a taxpayer after 1971 as a dividend (other than a taxable dividend or a capital dividend) on the share of the capital stock of a corporation resident in Canada shall be deducted in computing the adjusted cost base to the taxpayer of such share. Any dividend received from a mutual fund corporation that is deemed under Section 131(1) to be a capital gains

dividend should also be excluded, along with taxable dividends and capital dividends, from the amounts that are to be deducted under Section 53(2)(a)(i) in computing the adjusted cost base of shares to the taxpayer. A capital gains dividend is deemed to be a capital gain in the year in which received and is taxed accordingly. Therefore, it should not reduce the adjusted cost base of shares since such an adjustment would result in double taxation.

5. Section 53(2)(m)—Adjustments to cost base of capital property (C.B.A.).

Section 53(2)(m) provides that, in computing the adjusted cost base to a taxpayer of capital property at any time, there shall be deducted

> "such part of the cost to the taxpayer of the property as was deductible (otherwise then by virtue of this subdivision) in computing the taxpayer's income for any taxation year commencing before that time."

It is to be noted that the deduction to be made under this paragraph is based on the deductibility of the amount specified therein regardless of the amount actually deducted in computing income. It is recommended that the paragraph be amended to read as follows:

> "(m) such part of the cost to the taxpayer of the property,
>
> (i) as was deducted (otherwise than by virtue of this subdivision) in computing the taxpayer's income for any taxation year that ended on or before that time, or
>
> (ii) where the adjusted cost base in being computed as of a date other than the end of a taxation year, as was deductible (otherwise than by virtue of this subdivision) in computing the taxpayer's income for the first taxation year ending after that date."

6. Section 54(g)—Principal residence (C.B.A.)

It is recommended that the definition of the term "principal residence" be amended specifically to include,

> (a) a condominium unit (which may not fall within the present definition), and
>
> (b) a dwelling-place located on property which is held under a long term lease rather than owned by the taxpayer

7. Section 74—Income or gains from property transferred to one's spouse

Subsections (1) and (2) of Section 74 provides that a taxpayer must include in his or her income for tax purposes any income and net taxable capital gains (i.e. taxable capital gains less allowable capital losses) which his or her spouse may derive from property transferred to the spouse by the taxpayer (or from property substituted therefor). The purpose of this provision is to prevent a taxpayer from reducing his income for tax purposes by transferring income-producing properties to his spouse.

It has been suggested that Bill C-259 be amended specifically to provide that these attribution rules will not apply in respect of property transferred to a spouse more than one year prior to the date on which the transferor first became a resident of Canada. This suggestion appears to have merit and it is recommended that the following amendment be made:

Section 74(6)

> "Subsections (1) and (2) of this section do not apply in respect of property transferred to a spouse more than one year prior to the date on which the transferor first became resident in Canada or in respect of property substituted for such transferred property."

A similar amendment should be mare to the attribution rules contained in Section 75 which relates to property transferred

> (a) to a person under eighteen years of age, and
>
> (b) to certain inter vivos trusts.

APPENDIX "E"

Corporations and their shareholders

1. Section 83(2)—Capital dividends (C.B.A.)
Section 83(2) provides

> (a) that a private corporation may elect, subject to specified conditions, to treat a dividend payable by it to its shareholders after 1971 as a capital dividend if the amount does not exceed the corporation's capital dividend account immediately before the date on which the dividend becomes payable,

and

> (b) that no part of such a dividend shall form part of the recipient shareholder's income.

Under Section 89(1)(b), a corporation's capital dividend account at any particular time is defined to include only amounts attributed to such account in taxation years ending before that time. Accordingly, if a corporation paid a dividend in kind by distributing part of its capital assets and the fair market value of the property distributed exceeded the adjusted cost base of the assets to the corporation, gain would only accrue on payment of the dividend and the corporation could not elect to treat the dividend in kind as a capital dividend out of the one-half non-taxable portion of that capital gain. It is recommended that provision be made to enable a private corporation to treat the one-half non-taxable portion of any

capital gain arising from the payment of a dividend in kind as part of its capital dividend account at the time the dividend became payable.

2. Section 87(1)—Definition of an amalgamation (C.C.C.)

The definition of the word "amalgamation", as defined in Section 87(1) of Bill C-259, is similar to that contained in Section 851 of the present Act in that, in order to qualify for the treatment set out in Section 87 of the Bill (previously Section 85I), it will still be necessary that all of the assets and liabilities of the amalgamating corporations become assets and liabilities of the amalgamated corporation. This requirement often causes corporate taxpayers an undue amount of trouble and expense arranging to settle amounts owing between amalgamating corporations immediately prior to an amalgamation so as to ensure that the amalgamation will in fact be treated as such for income tax purposes.

It is accordingly recommended that paragraphs (a) and (b) of Section 87 be amended to read as follows:

> "(a) all of the property of the predecessor corporations immediately before the merger (other than amounts receivable from, or investments in shares of the capital stock of, any of the other predecessor corporations) becomes property of the new corporation by virtue of the merger,
> (b) all of the liabilites of the predecessor corporations immediately before the merger (other than amounts owing to one predecessor corporation to another predecessor corporation) becomes liabilities of the new corporation by virtue of the merger, and"

3. Section 87(2)(r)) Amalgamated corporation's 1971 capital surplus

4. Section 87(2)(s)) on hand or paid-up capital deficiency (C.C.C.)

Paragraphs (r) of Section 87(2) provides that, in computing the 1971 capital surplus of an amalgamated corporation, any 1971 capital surplus which the amalgamated corporation may itself have on hand shall be increased by the amount, if any, by which

> (a) the aggregate of each predecessor corporation's 1971 capital surplus on hand, if any, immediately before the amalgamation
> exceeds
> (b) the aggregate of each predecessor corporation's paid-up capital deficiency, if any, immediately before the amalgamation.

There is no provision to the effect that, where the amount described in (b) above exceeds the amount described in (a), the excess must be deducted from the amount otherwise determinable in computing the amalgamated corporation's 1971 capital surplus on hand. Unless such a provision is introduced, it may be possible to eliminate a corporation's paid-up capital deficiency by means of an amalgamation without decreasing the 1971 capital surplus of the amalgamated corporation by a like amount. It is therefore recommended that a new paragraph be added to Section 87(2) to the following effect:

> "(r. 1) where the amount described in subparagraph (r)(ii) exceeds the amount described in subparagraph (r)(i), there shall be deducted from the aggregate of the amounts determined under subparagraphs 89(I)(l)(i) to (iv) for the purpose of computing the 1971 capital surplus on hand of the new corporation at any particular time an amount equal to such excess."

A similar problem exists with respect to subparagraph (s) of Section 87(2), relating to the computation of an amalgamated corporation's paid-up capital deficiency.

5. Section 87(2)(aa)—Amalgamated corporation's refundable dividend tax on hand for purposes of determining its cumulative deduction account (C.C.C.)

Section 87(2)(aa) provides for the flow-through to an amalgamated corporation of any refundable dividend tax which each predecessor corporation may have on hand immediately prior to the amalgamation. It is not clear, however, whether the amalgamated corporation will be deemed to have inherited such amounts as of the end of a taxation year immediately preceding its first taxation year, or whether such amounts will not be included in computing its own refundable dividend tax on hand until the end of its first taxation year (following the amalgamation). If the latter interpretation is correct and the amalgamated corporation is, therefore, not entitled to deduct the predecessor corporation's refundable dividend tax on hand for purposes of computing its cumulative deduction account immediately prior to the amalgamation (see Section 87(2)(y)), an amalgamated corporation which qualifies as a Canadian-controlled private corporation (as defined in Section 125(6)(a)) could be deprived of a small business deduction for its first taxation year even though it should, in equity, be entitled to such a deduction.

To ensure that there is no anomaly in this regard, it is recommended that Section 87(2)(aa) be amended to read as follows:

> "(aa) in the case of a new corporation that is a private corporation for the purpose of computing the refundable dividend tax on hand (within the meaning assigned by subsection 129(3)) of the new corporation at the end of a taxation year immediately preceding its first taxation year or at the end of any subsequent taxation year, where a predecessor corporation had refundable dividend tax on hand immediately before the amalgamation the amount thereof shall be added to the aggregate determined under subsection 129(3) from which the new corporation's dividend refunds are to be subtracted;"

6. Section 129(3)(a)—Refundable dividend tax on hand (C.C.C.)

Section 129 provides that a corporation "Canadian investment income" and "foreign investment income" are to be computed separately but it does not provide that a loss obtained from one or other of these "sources" is to be deducted from income derived from the other "source"

in computing the amount described in paragraph (a) of Section 129(3). As a result, the amount of refundable dividend tax which may be credited to a private corporation's refundable dividend tax account in respect of a particular taxation year could be greater than the amount properly creditable thereto.

It is suggested that this anomaly could be eliminated by making the following amendments:

(a) Paragraph (a) of Section 129(3) would be amended to read as follows:

"(a) 25% of the amount, if any, by which its 'total investment income for the year', as defined in paragraph (4)(c), exceeds the amount deductible under paragraph 111(1)(b) from the corporation's income for the year,"

(b) Subsection (h) of Section 129 would be amended by the addition of the following paragraph:

"(c) 'total investment income' of a corporation for a taxation year means the amount, if any, by which the aggregate of

(i) the aggregate of the amounts described in subparagraphs (a)(i) to (iii) in respect of the corporation for the year, and

(ii) the amount that would be determined under subparagraphs (a)(i) to (iii) in respect of the corporation for the year if the references in subparagraphs (a)(i) to (iii) to 'in Canada' were read as references to 'outside Canada',

exceeds the aggregate of

(iii) the aggregate of amounts each of which is a loss of the corporation for the year from a source that is a property or business other than an active business, and

(iv) the aggregate of all amounts deductible under section 113 from the corporations income for the year."

7. Section 129(3)(b)—Refundable dividend tax on hand (C.C.C.)

Any inactive business income from foreign sources will form part of "foreign investment income" for purposes of the refundable dividend tax provisions but any foreign tax credit relating to such income (being a credit allowed under Section 126(2) will not be taken into account in determining whether the limitation contained in Section 129(3)(b) is applicable. Thus, even though no Canadian income tax is payable on inactive business income from foreign sources after deducting the provincial tax abatement and the foreign tax credit, an amount equal to 25% thereof could be credited to the refundable dividend tax account.

8. Section 189(4)(b)—Ineligible investments (C.C.C.)

Further statutory clarification is required to minimize the number of problems which could be encountered in determining the cost of ineligible investments on hand at any time. For example:

1. Where there is a change in the use made of a capital asset, will the use to which it was originally put govern its classification for the purpose of Section 189(4)(b) for all subsequent years?

2. If a capital asset, such as a building, is used in part for active business purposes and in part for rental purposes, will the entire cost be treated as not falling within the ineligible category?

3. If, for example, a Canadian-controlled private corporation owned a minority interest in another company at December 31, 1971, and it acquired a further 100 shares of that company but disposed of the latter before the end of its 1972 year should not be treated as an ineligible investment?

APPENDIX "F"

BUSINESS AND PROPERTY INCOME

1. Section 16—Debt obligations issued at at discount (C.I.C.A.)

Subsections (2) and (3) of Section 16 provide that, where a debt obligation is issued at a discount by a tax-exempt person, a non-resident person not carrying on business in Canada, a government or certain other public bodies, the amount of the discount is, under certain circumstances, to be included in the investor's income for tax purposes. Subsection (2) relates to debt obligations which are issued before June 18, 1971 and subsection (3) deals with debt obligations issued after that date. Neither deals with debt obligations which are issued on June 18, 1971. Subsection (2) should accordingly be amended to apply to debt obligations issued on that date as well as to those issued prior thereto.

2. Section 24—Deduction in respect of eligible capital amounts (goodwill and other "nothings") on ceasing to carry on business (C.C.C.)

The combined effect of subsections (1) and (2) of Section 24 in a situation where an individual ceases to carry on business and the business is thereafter carried on by his spouse or by a corporation controlled by him appears to prevent any deduction under Section 20(1)(b) (relating to the amortization of goodwill and other "nothings") for either the individual, or his spouse or the controlled corporation for the year in which the business is transferred if both the transferor and the transferee have the same fiscal year end or if the fiscal year of the transferor ends at a later date in the year than the transferee's.

In order to remedy this inequity, it is recommended that subsection (2) of Section 24 be amended to read as follows:

Section 24

"(2) Notwithstanding subsection (1), where an individual has ceased to carry on a business and thereafter his spouse, or a corporation controlled directly or indirectly in any manner whatever by him, has carried on the business,

(a) in computing the individual's income for his fiscal period in which he so ceased to carry on the business, the following rules shall apply;

(i) the provisions of subsection (1) shall be read without reference to paragraphs (a) and (b) thereof and as if the reference in paragraph (c) thereof to 'the time he so ceased to carry on the business' were read as a reference to 'the end of the fiscal period in which he so ceased to carry on the business'; and

(ii) the amount allowed as a deduction under paragraph 20 (1)(b) in respect of the business shall not exceed that proportion of the maximum amount otherwise allowable that

(A) the number of days in the period from the commencement of the fiscal period to date on which he ceased to carry on the business,

is of

(B) 365;

(b) in computing the cumulative eligible capital in respect of the business of the spouse or the corporation, as the case may be, at any time after the end of the fiscal period in which the individual so ceased to carry on the business, there shall be included the amount of the individual's cumulative eligible capital in respect thereof at the end of that fiscal period; and

(c) in computing the income of the spouse or the corporation, as the case may be, for the fiscal period in which the spouse or corporation commenced to carry on the business, the amount allowed as a deduction under paragraph 20 (1) (b) in respect of the amount included in the spouse's or corporation's cumulative eligible capital amount under paragraph (b) shall not exceed that proportion of the maximum amount otherwise allowable in respect thereof that

(A) the number of days in the period from the date on which the spouse or corporation commenced to carry on the business to the end of the fiscal period,

if of

(B) 365."

APPENDIX "G"

Certain of the proposals made by the Canadian Bar Association

Subdivision K—Trusts and their Beneficiaries

Sec. 104. Reference to trust or estate.

(1) In this Act, a reference to a trust or estate (in this subdivision referred to as a "trust") shall be read as a reference to the trustee or the executor, administrator, heir or other legal representative having ownership or control of the trust property.

Sec. 104 (2)

(2) Taxed as individual. A trust shall, for the purposes of this Act, and without affecting the liability of the trustee or legal representative for his own income tax, be deemed to be in respect of the trust property an individual; but where there is more than one trust and

(a) substantially all of the property of the various trusts has been received from one person, and

(b) the various trusts are conditioned so that the income thereof accrues or will ultimately accrue to the same beneficiary, or group or class of beneficiaries,

such of the trustees as the Minister may designate shall, for the purposes of this Act, be deemed to be in respect of all the trusts an individual whose property is the property of all the trusts and whose income is the income of all the trusts.

(See also S. 128 (1); S. 248 (1); Regs. Part 11.)

Sec. 104 (3)

(3) Deductions not permitted. No deduction may be made under section 109 or paragraph 110 (1) (d) from the income of a trust.

(See also S. 109 (1); S. 110 (1) (d).)

Sec. 104 (4)

(4) Deemed disposition of property by a trust. Every trust shall, on each of the following days, be deemed to have disposed of each capital property of the trust, other than depreciable property, for proceeds equal to its fair market value on that day, and to have reacquired such property immediately thereafter for an amount equal to

that fair market value; and for the purposes of this Act those days are:

(a) where the trust is a trust created by a taxpayer, whether during his lifetime or by his will, under which

(i) his spouse is entitled to receive all of the income of the trust that arises before the spouse's death, and

(ii) no person except the spouse may, before the spouse's death, receive or otherwise obtain the use of any of the income or capital of the trust, the day on which the spouse dies;

(aa) Where the trust is a classified trust the day prescribed by regulation.

Comment: This amendment is designed to permit the Minister to prescribe alternative rules for trusts such as protective trusts which are worthy of special treatment.

(b) that day that is 21 years after the latest of

(i) January 1, 1972,

(ii) the day on which the trust was created, and

(iii) where applicable, the day referred to in paragraph (a); and

(c) the day that is 21 years after any day that is, by virtue of this subsection, a day on which the trust is deemed to have disposed of each such property.

Sec. 104(5)

(5) Idem. Every trust shall, on each day described in subsection (4), be deemed to have disposed of all depreciable property of a prescribed class of the trust for proceeds equal to,

(a) where the fair market value of that property on that day exceeds the undepreciated capital cost thereof to the trust on that day, the amount of that undepreciated capital cost plus ½ of the amount of the excess, and

(b) in any other case, the fair market value of that property on that day plus ½ of the amount, if any, by which the undepreciated capital cost thereof to the trust on that day exceeds that fair market value,

and to have reacquired each such depreciable property of that class immediately thereafter at a capital cost (in this subsection referred to as the "deemed capital cost") equal to that proportion of the proceeds determined under paragraph (2) or (b), as the case may be, that the amount that was the fair market value of that property on that day is of the aggregate of the amounts that were the fair market values of all properties of that class on that day, except that

(c) where the amount that was the capital cost to the trust of any particular property of that class exceeds the deemed capital cost to the trust of the property, for the purposes of sections 13 and 20 and any regulations made under paragraph 20(1) (a) as they apply in respect of the property at any subsequent time,

(i) the capital cost of the trust of the property shall be deemed to be the amount that was the capital cost to the trust of the property, and

(ii) the excess shall be deemed to have been allowed to the trust in respect of the property under paragraph 20(1)(a) in computing income for taxation years before the reacquisition by the trust of the property, and any other amount allowed to the trust in respect of the property under that paragraph in computing income for those years shall be deemed to be nil, and

(d) subsection 13(2) is not applicable in respect of any such reacquisition.

Sec 104(6)

(6) Deduction in computing income of trust. For the purpose of this Part, there may be deducted in computing the income of a trust for a taxation year such part of the amount that would, but for this subsection (12) and subsection 105(2), be its income for the year as was payable in the year to a beneficiary.

Sec. 104 (7)

(7) Non-resident beneficiary. No deduction may be made under subsection (6) in computing the income for a taxation year of a trust in respect of such part of an amount that would otherwise be its income for the year as was payable in the year to a person who, at the time such part of that amount became so payable, was not resident in Canada, unless at that time, the trust was resident in Canada.

(See also C. 104(6).)

Sec. 104(8)

(8) Limitation on deduction. No deduction may be made under subsection (6) in computing the income for a taxation year of an inter vivos trust that had income for the year from a business carried on by it in Canada, in respect of such part of an amount that would, but for subsections (6) and (12), be its income for the year as was payable in the year to a person who, at the time the amount became so payable, was

(a) a non-resident person;

(b) a non-resident-owned investment corporation; or

(c) a trust resident in Canada other than

(i) a testamentary trust, or

(ii) a trust that throughout the period commencing on April 26, 1965 and ending at the time the amount became so payable, was a beneficiary under the trust by whom the amount became so payable, which latter-mentioned trust was throughout such period carrying on a business in Canada.

(See also S. 2(1); S. 104(6).)

Sec. 104(9)

(9) Idem. No deduction may be made under subsection (6) in computing the income for a taxation year of a trust other than a mutual fund trust, in respect of any amount that is deemed by subsection (21) to be a taxable capital gain for the year of a non-resident person or of a non-resident-owned investment corporation from the desposition of capital property.

Sec. 104(10)

(10) Where property owned for non-residents. Where all the property of a trust is owned by the trustee for the benefit of non-resident persons or their unborn issue, in addition to the amount that may be deducted under subsection (6), there may be deducted in computing the income of the trust for a taxation year for the purposes of this Part, such part of the dividends and interest received by the trust in a year from a non-resident-owned investment corporation as are not deductible under subsection (6) in computing the income of the trust for the year.

(See also S. 106(1)(b).)

(Sec. 104(11)

(11) Dividend received from non-resident-owned investment corporation. Where any part of the dividends received in a taxation year by a trust described in subsection (10) from a non-resident-owned investment corporation are deductible under subsection (10) in computing the income of the trust for the year, for the purposes of Part XIII the trust shall be deemed to have paid to a non-resident person on the last day of the year an amount equal to that part, as income of the non-resident person from the trust.

Sec. 104(12)

(12) Deduction of part of accumulating income included in preferred beneficiary's income. For the purposes of this Part, there may be deducted in computing the income of a trust for a taxation year such part of its accumulating income for the year as was required by subsection (14) to be included in computing the income of a preferred beneficiary.

Sec. 104(13)

(13) Such part of the amount that would be the income of a trust for a taxation year if no deduction were made under subsection (6) or under regulations made under paragraph 20 (1)(a) as was payable in the year to a beneficiary shall be included in computing the income of the person to whom it so became payable whether or not it was paid to him in that year and shall not be included in computing his income for a subsequent year in which it was paid.

Comment: The purpose of this subsection is to make an amount deductible by reason of its allocation to a beneficiary, taxable in the hands of the beneficiary. The words "or (12)" deleted in the version above, are unnecessary in that subsection (14) provides for the inclusion of the amount deducted under (12) in the income of the preferred beneficiary concerned.

Sec. 104(14)

(14) Where a trust and a preferred beneficiary thereunder jointly so elect in respect of a taxation year in prescribed manner and within prescribed time, such part of the accumulating income of the trust for the year as is designated in the election, not exceeding the preferred beneficiary's share therein, shall be included in computing the income of the preferred beneficiary for the year, and shall not be included in computing the income of any tax payer in a subsequent year in which it was paid.

Comment: "The income of any tax payer" is substituted for the words "his income" as the accumulating income may in a subsequent year be paid to someone other than the person so electing.

Sec. 104(15)

(15) Preferred beneficiary's share. The share of a particular preferred beneficiary under a trust in the accumulating income of the trust for a taxation year is,

(a) where the trust is a trust described in paragraph (4)(a) and the taxpayer's spouse referred to therein is alive at the end of the year, an amount equal to,

(i) if the particular preferred beneficiary is the taxpayer's spouse, the trust's accumulating income for the year, and

(ii) in any other case, nil;

(b) in any case not referred to in paragraph (a), where the shares in which the accumulating income of the trust would be payable to the beneficiaries thereunder do not depend upon the exercise by any person of, or the failure by any person to exercise, any discretionary power,

(i) if at the end of the year a particular beneficiary was a member of a class of beneficiaries under the trust each of whom was prospectively entitled, as a member of that class, to share equally in any accumulating income of the trust the portion of the trust's accumulating income in the year that may reasonably be regarded as having been earned for the benefit of beneficiaries of that class divided by the number of beneficiaries (other than registered Canadian charitable organizations) of that class in existence at the end of the year.

Comment: This subsection provides a code to establish the amount in respect of which a particular preferred beneficiary can elect for the purposes of 104(14). The whole context, therefore, is one of income which is not, in fact, being paid but which is prospectively allocable to a particular preferred beneficiary. Consequently, in sub-paragraph (b) and particularly in clause (i) thereof, words suggesting that anyone is "entitled" to share in income should be changed. In addition, the right to elect only arises in connection with accumulating income so

that any reference to income should be modified by the adjective "accumulating".

(ii) in any other case, the portion of the trust's accumulating income for the year that may reasonably be regarded as having been earned for the benefit of the particular preferred beneficiary;

(c) in any case not referred to in paragraph (a) or (b), where each beneficiary under the trust whose share of the accumulating income of the trust depends under the exercise by any person of, or the failure by any person to exercise, any discretionary power, is a preferred beneficiary or a registered Canadian charitable organization, the portion of the trust's accumulating income for the year that may reasonably be regarded as having been earned for the benefit of the particular beneficiary, not exceeding the amount determined in prescribed manner to be his or its discretionary share of the trust's accumulating income for the year; and

(ca) in the case of a classified trust the amount prescribed.

(d) in any case not referred to in paragraph (a), (b), (c) or (ca), nil.

Comment: These amendments are designed to permit the Minister to prescribe alternative rules for trusts such as protective trusts which are worthy of special treatment.

Sec. 104(16)

(16) Capital cost allowance deduction. A beneficiary under a trust may deduct from the amount that would otherwise be his income from the trust by virtue of subsection (13) or (14), as the case may be, such part of the amount that would otherwise be deductible from the income of the trust for the year under regulations made under paragraph 20(1)(a) as the trust may determine; and any amount deductible under this subsection for a taxation year shall be deducted from the amount that the trust would otherwise be able to deduct under those regulations but shall, for the purposes of section 13, be deemed to have been allowed to the trust under those regulations in computing its income for the year.

(See also S. 20(1)(a).)

Sec. 104(17)

(17) Depletion allowance. Where an amount is payable in a taxation year by a trust to a beneficiary under the trust, no part of that amount shall be deemed, for the purpose of subsections (6) and (13), to be payable out of an amount deductible in computing the income of the trust for the year under regulations made under subsection 65(1) except such part thereof as the trust designates as being so payable.

Sec. 104(18)

(18) Trust for infant. Where the income of a trust for a taxation year or any part thereof was not payable in the year but was held in trust for an infant or minor whose right thereto had vested and the only reason that it was not payable in the year was that the beneficiary was an infant or minor, it shall, for the purpose of subsections (6) and (13), be considered to have been payable.

(See also S. 65(1).)

Sec. 104(19)

(19) Portion of taxable dividends deemed to be dividends received by beneficiary. Such portion of

(a) the aggregate of taxable dividends received by a trust in a taxation year on shares of the capital stock of taxable Canadian corporations,

as

(b) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to be part of the amount that, by virtue of subsection (13) or (14) or section 105, as the case may be, was included in computing the income for the year of a particular beneficiary under the trust, and

(c) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in the return of its income for the year under this Part, be deemed, for the purposes of section 82 and this subsection, to be a taxable dividend received by the particular beneficiary in the year from a taxable Canadian corporation, and not to be a taxable dividend received by the trust in the year from a taxable Canadian corporation.

Sec. 104(20)

(20) Portion of non-taxable dividends not to be included in beneficiary's income. Where an amount has, in a taxation year, become payable by a trust to a particular beneficiary thereunder, such portion thereof as

(a) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to have derived from an amount received by the trust in the year as, on account or in lieu of payment of, or in satisfaction of, a dividend on a share of the capital stock of a corporation resident in Canada other than a taxable dividend, and

(b) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in its return of income for the year under this Part, not be included in computing the income of the particular beneficiary for the year.

Sec. 104 (21)

(21) Portion of taxable capital gains deemed gain of beneficiary. Such portion of

(a) the amount, if any, by which the aggregate of the taxable capital gains of a trust for a taxation year exceeds the aggregate of

(i) its allowable capital losses for the year, and

(ii) the amount, if any, deductible under paragraph III (1) (b) from its income for the year

as

(b) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to be part of the amount that, by virtue of subsection (13) or (14) or section 105, as the case may be, was included in computing the income for the taxation year of a particular beneficiary under the trust, and

(c) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in the return of its income for the year under this Part, be deemed, for the purposes of sections 3 and 111, to be a taxable capital gain for the year of the particular beneficiary from the disposition of capital property.

Sec. 104 (22)

(22) Deduction for foreign taxes. For the purpose of section 126, the following rules apply:

(a) such portion of the income of a trust for a taxation year (before making any deduction under subsection (6) or (12)) from sources in a foreign country as

(i) may reasonably be considered (having regard to all the circumstances including the terms and conditions of the trust arrangement) to be part of the income that, by virtue of subsection (13) or (14), as the case may be, was included in computing the income for a taxation year of a particular beneficiary under the trust, and

(ii) was not designated by the trust in respect of any other beneficiary thereunder,

shall, if so designated by the trust in respect of the particular beneficiary in its return of income for the year under this Part, be deemed to be income of the particular beneficiary for the taxation year from sources in that country;

(b) a beneficiary under a trust shall be deemed to have paid as income tax for a taxation year, on the income that he is deemed by paragraph (a) to have for the year from sources in a foreign country, to the government of that country an amount equal to that proportion of the income or profits tax paid by the trust for the year to the government of that country or to the government of a state, province or other political subdivision of that country (except such portion of that tax as was deductible under subsection 20(11) or (12) in computing its income for the year) that

(i) such portion of the amount included in computing his income for the year by virtue of subsection (13) or (14), as the case may be as is deemed by paragraph (a) to be income for the year from sources in that country,

is of

(ii) the income of the trust for the year from sources in that country (before making any deduction under subsection (6) or (12));

(c) the income of a trust from sources in a foreign country for a taxation year shall be deemed to be its actual income therefrom for the year minus the aggregate of the amounts deemed by paragraph (a) to be the income therefrom for the year of all beneficiaries under the trust; and

(d) a trust shall be deemed to have paid as income tax to the government of a foreign country for a taxation year an amount equal to the income or profits tax actually paid by it for the year to the government of that country, or to the government of a state, province or other political subdivision of that country (except such portion of that tax as was deductible under subsection 20 (11) or (12) in computing its income for the year), minus the aggregate of the amounts deemed by paragraph (b) to have been paid to the government of that country for the year by all beneficiaries under the trust.

Sec. 104 (23)

(23) Testamentary trusts. In the case of a testamentary trust, notwithstanding any other provision of this Act the following rules apply:

(a) the taxation year of the trust is the period for which the accounts of the trust have been ordinarily made up and accepted for purposes of assessment under this Act and, in the absence of an established practice, the period adopted by the trust for that purpose (but no such period may exceed 12 months and a change in a usual and accepted period may not be made for the purpose of this Act without the concurrence of the Minister);

(b) when a taxation year is referred to by reference to a calendar year, the reference is to the taxation year or years coinciding with, or ending in, that year;

(c) the income of a person for a taxation year from the trust shall be deemed to be his benefits from or under the trust for the taxation year or years of the trust that ended in the year determined as provided by this section and section 105;

(d) where an individual having income from the trust died after the end of a taxation year of the trust but before end of the calendar year in which that taxation year ended, a separate return of his income from the trust after the end of the trust's taxation year to the time of death shall be filed and tax under this Part shall be paid thereon as if that income were the income of another person; and

(e) in lieu of making the payments required by section 156, the trust shall pay to the Receiver General of Canada within 90 days from the end of each taxation year, the tax for the year as estimated under section 151.

(See also S. 70(2); S. 105(1); S. 150(4); S. 151; S. 156; S. 249(1).)

Sec. 104(24)

(24) "Amount payable". For the purposes of subsections (6), (7), (8), (13) and (20), an amount shall not be considered to be payable in a taxation year unless it was paid in the year to the person to whom it was payable or he was entitled in that year to enforce payment thereof.

(See also S. 104(6); S. (7), (8), (13).)

Sec. 104(25)

(25) An election under subsection (14) hereof on behalf of a preferred beneficiary under a disability can be made by the person designated in the trust to make such election and if none by a parent or guardian of such preferred beneficiary and if none by the trustee.

Comment: Doubt has been expressed as to the ability of persons to elect when otherwise entitled to do so as preferred beneficiaries in respect of accumulating income. It is understood that the Department of Justice has given the opinion to the Department of Finance that no problem arises under the provincial law with these elections. It is further understood that the Department of National Revenue has informed the Department of Finance that no problem arises in connection with the rights to elect which presently exist insofar as persons under a disability are concerned. The Bar Association does not dispute the advice tendered by either Department but in the particular context under discussion here, it does not consider that either advice meets the problem. It is perfectly true that the legal institutions exist in all of the provinces under which a person could become competent to elect on behalf of an infant but the institutions often involve tedious procedures and considerable expense as they are necessarily designed to cope with the awkward problems which arise in connection with the property of a person under a disability. The most common disability with which we will be concerned in connection with the right of election by a preferred beneficiary will be the disability of infancy. Other disabilities such as mental incapacity or absenteeism are uncommon or even exotic and the likelihood of resort to a proper procedure which would result in the appointment of a legal personal representative is great. Very few parents however, bother to become guardians of their own children. It is considered that the Statute should give the right to a parent to make the election. This would not interfere with the provincial right to determine the matter of guardianship but would simply say that a federal election can be made by a particular category of person.

SEC. 105. Benefits under trust, contract, etc.

(1) The value of all benefits (other than a distribution or payment of capital) to a taxpayer during a taxation year from or under a trust, contract, arrangement or power of appointment, irrespective of when made or created shall, subject to subsection (2), be included in computing his income for the year.

(See also S.56(2); S.76(1).)

Sec. 105(2)

(2) Upkeep, etc. Such part of an amount paid by a trust out of income of the trust for the upkeep, maintenance or taxes of or in respect, of property that, under the terms of the trust arrangement, is required to be maintained for the use of a tenant for life or a beneficiary as is reasonable in the circumstances shall be included in computing the income of the tenant for life or other beneficiary from the trust for the taxation year for which it was paid.

(See also S. 12(1)(m); S. 104(6), (13); S. 248(1).)

SEC. 106 Income interest in trust.

(1) Where an amount in respect of a taxpayer's income interest in a trust has been included in computing his income for a taxation year by virtue of subsection 104(13) or subsection (2) of this section, there may be deducted in computing his income for the year the lesser of

(a) the amount so included in computing his income for the year, and

(b) the amount, if any, by which the cost to the taxpayer of the income interest exceeds the aggregate of all amounts in respect of the interest that were deductible by virtue of this subsection in computing his income for previous taxation years.

Sec. 106(2)

(2) Disposition by taxpayer of income interest. Where in a taxation year a taxpayer disposes of an income interest in a trust,

(a) except where subsection (3) is applicable, there shall be included in computing his income for the year the proceeds of the disposition;

(b) any taxable capital gain or allowable capital loss of the taxpayer from the disposition shall be deemed to be nil; and

(c) for greater certainty, the cost to the taxpayer of each property received by him as consideration for the disposition is the fair market value of the property at the time of the disposition.

Sec. 106(3)

(3) Proceeds of disposition of income interest. For greater certainty, where at any time any property of a trust has been distributed by the trust to a taxpayer who was a beneficiary under the trust in satisfaction of all or any part of his income interest in the trust, the trust shall be deemed to have disposed of the property for proceeds of disposition equal to the fair market value of the property at that time.

SEC. 107 Disposition by taxpayer of capital interest.

(1) Where a taxpayer has disposed of a capital interest in a trust,

(a) for the purposes of computing his taxable capital gain, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition shall be deemed to be an amount

equal to the greater of the adjusted cost base to him thereof otherwise determined immediately before that time and the cost amount to him of the interest immediately before that time, and

(b) for greater certainty, for the purposes of computing his allowable capital loss, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition is the adjusted cost base to him of the interest immediately before that time as determined under this Act without reference to paragraph (a),

except that where the interest was an interest in an inter vivos trust not resident in Canada that was purchased by the taxpayer, paragraph (a) does not apply in respect of the disposition thereof except where subsection (2) is applicable in respect of any distribution of property by the trust to him in satisfaction of all or any part of the interest.

Sec. 107(1)

(1) Where a taxpayer has disposed of a capital interest in a trust,

(a) for the purposes of computing his taxable capital gain, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition shall be deemed to be an amount equal to the greater of the adjusted cost base to him thereof otherwise determined immediately before that time and the cost amount to him of the interest immediately before that time, and

(b) for greater certainty, for the purposes of computing his allowable capital loss, if any, from the disposition of the interest, the adjusted cost base to him thereof immediately before the disposition is the adjusted cost base to him of the interest immediately before that time as determined under this Act without reference to paragraph (2),

except that where the interest was an interest in an inter vivos trust not resident in Canada that was purchased by the taxpayer, paragraph (a) does not apply in respect of the disposition thereof except where subsection (2) is applicable in respect of any distribution of property by the trust to him as or on account of all or any part of the interest.

Sec. 107(2)

(2) Where at any time any property of the trust has been distributed by the trust to a taxpayer who was a beneficiary under the trust as or on account of all or any part of his capital interest in the trust.

Comment: Some doubt has been expressed as to whether a capital encroachment for a beneficiary represents the distribution of property by a trust to a beneficiary "in satisfaction of all or any part of his capital interest". The problem seems to be with the word "satisfaction". The doubt has been expressed in print by writers such as David Ward and has been felt privately by those in the Bar Association concerned with the preparation of this brief. It seems to us that the problem can simply be solved by changing the phrase where it appears in both subsections from "in satisfaction of" to "as or on account of".

Sec. 107(3)

(3) Determination of cost of property other than non-depreciable capital property. Where the property referred to in subsection (2) that was distributed by a trust to a taxpayer was property, other than capital property that was not depreciable property, for the purpose of determining the cost to the taxpayer of the property under paragraph (2)(b) (except for the purposes of paragraph (2)(b) as it applies to determine the taxpayer's proceeds of disposition of his capital interest under paragraph (2)(c), the reference in paragraph (2)(b) to "that proportion" shall be read as a reference to "½ of that proportion".

Sec. 107(4)

(4) Where trust in favour of spouse. Where the trust referred to in subsection (2) was a trust described in paragraph 104(4)(a) and

(a) the property so distributed by the trust was capital property other than depreciable property,

(b) the taxpayer to whom the property was so distributed was a person other than the spouse, and

(c) the spouse was alive at the time the property was so distributed,

notwithstanding paragraphs (2)(a) to (d), the following rules apply:

(d) the trust shall be deemed to have disposed of the property for proceeds equal to its fair market value at that time;

(e) the taxpayer shall be deemed to have acquired the property at a cost equal to that fair market value, and

(f) the taxpayer shall be deemed to have disposed of all or part, as the case may be, of his interest in the trust, for proceeds of disposition equal to that fair market value.

Sec. 107(5)

(5) Distribution to non-resident beneficiary. Where subsection (2) is applicable in respect of the distribution by a trust of any property of the trust to a non-resident taxpayer who was a beneficiary under the trust and the property was not taxable Canadian property or property that would be taxable Canadian property if at no time in the taxation year of the trust in which it was so distributed the trust had been resident in Canada, notwithstanding paragraphs (2)(a) to (c) the provisions of paragraphs (4)(d) to (f) are applicable in respect of the property as if the reference in paragraph (4)(f) to "that fair market value" were read as a reference to "the adjusted cost base to him of the interest or part thereof, as the case may be immediately before the property was so distributed".

SEC. 108. Definitions.

(1) In this subdivision,

Sec. 108(1)(a)

(a) "Accumulating income".—"accumulating income" of a trust for a taxation year means the amount that, but for subsections 104(6) and 104(12) would be its income for the year;

Comment: The words "104(6)" would appear to have been omitted by oversight.

Sec. 108(1)(b)

(b) "Beneficiary".—"beneficiary" under a trust includes a person beneficially interested therein;

Sec. 108(1)(c)

(c) "Capital interest".—"Capital interest" of a tax- or future and whether absolute or contingent) of the taxpayer as a beneficiary under the trust to, or to receive, all or any part of the capital of the trust;

Sec. 108(1)(d)

(d) "Cost amount" of capital interest.—"cost amount" of any capital interest of a taxpayer in any trust at any time means,

(i) in any case where any money or property of the trust has been distributed by the trust to the taxpayer in full satisfaction of the whole of his capital interest (whether on the winding-up of the trust or otherwise), the aggregate of the money so distributed and all amounts each of which is the cost amount to the trust, immediately before the distribution, of each such property so distributed to the taxpayer, and

(ii) in any other case, that proportion of the amount, if any, by which the aggregate of all money of the trust on hand immediately before that time and all amounts each of which is the cost amount to the trust, immediately before that time, of each property of the trust exceeds the aggregate of all amounts each of which is the amount of any debt owing by the trust, or of any other obligation of the trust to pay any amount, that was outstanding immediately before that time, that

(A) the fair market value at that time of the capital interest in the trust, is of

(B) the fair market value at that time of all capital interests in the trust;

Sec. 108(1)(e)

(e) "Income interest".—"income interest" of a taxpayer in a trust means a right (whether immediate or future and whether absolute or contingent) of the taxpayer as a beneficiary under the trust to, or to receive, all or any part of the income of the trust;

Sec. 108(1)(f)

(f) "Inter vivos trust".—"inter vivos trust" means a trust other than a testamentary trust;

Sec. 108(1)(g)

(g) "Preferred beneficiary".—"preferred beneficiary" under any trust means an individual resident in Canada who is a beneficiary under the trust and is

(i) the settlor of the trust,

(ii) the spouse or former spouse of the settlor of the trust, or

(iii) a child, grandchild or great grandchild of the settlor of the trust, or the spouse of any such person;

Sec. 108(1)(h)

(h) "Settlor".—"settlor",

(i) in relation to a testamentary trust, means the individual referred to in paragraph (1), and

(ii) in relation to an inter vivos trust,

(A) if the trust was created by the transfer, assignment or other disposition of property thereto (in this paragraph referred to as property "contributed") by not more than one individual and the fair market value of such of the property of the trust as was contributed by him at the time of the creation of the trust or at any subsequent time exceeds the fair market value of such of the property of the trust as was contributed by any other person or persons at any subsequent time (such fair market values being determined at the time of the making of any such contribution), means that individual, and

(B) if the trust was created by the contribution of property thereto jointly by an individual and his spouse and by no other person and the fair market value of such of the property of the trust as was contributed by them at the time of the creation of the trust or at any subsequent time exceeds the fair market value of such of the property of the trust as was contributed by any other person or persons at any subsequent time (such fair market values being determined at the time of the making of any such contribution), means that individual and his spouse;

Sec. 108(1)(i)

(i) "Testamentary trust".—"testamentary trust" means a trust or estate that arose upon the death of an individual and in consequence of his death, but for greater certainty does not include any such trust that was created by any person other than that individual; and

Sec. 108(1)(j)

(j) "Trust".—"trust" includes an inter vivos trust and a testamentary trust but, in subsections 104(4),

(5), (12), (14) and (15) and sections 105 to 107 does not include

(i) a unit trust, or

(ii) a trust governed by a registered pension fund or plan, an employees profit sharing plan, a registered supplementary unemployment benefit plan, a registered retirement savings plan or a deferred profit sharing plan.

Sec. 108(1)(k)

(k) "Classified trust".—"classified trust" means a trust which has been accepted by the Minister for inclusion in a class prescribed by regulation.

Comment: This amendment is designed to permit the Minister to prescribe alternative rules for trusts such as protective trusts which are worthy of special treatment.

Sec. 108(2)

(2) Meaning of expression "unit trust". For the purposes of this Act, a trust is a unit trust at any particular time if, at that time, it was an inter vivos trust the interest of each beneficiary under which was described by reference to units of the trust, and

(a) the issued units of the trust included

(i) units having conditions attached thereto that included conditions requiring the trust to accept, at the demand of the holder thereof and at prices determined and payable in accordance with the conditions the surrender of the units, or fractions or parts thereof, that are fully paid, or

(ii) units qualified in accordance with prescribed conditions relating to the redemption of the units by the trust,

and the fair market value of such of the units as had conditions attached thereto that included such conditions or as were so qualified, as the case may be, was not less than 95% of the fair market value of all of the issued units of the trust (such fair market values being determined without regard to any voting rights attaching to units of the trust), or

(b) throughout the taxation year in which the particular time occurred it complied with the following conditions:

(i) it was resident in Canada,

(ii) its only under taking was the investing of funds of the trust,

(iii) at least 80% of its property throughout the year consisted of shares, bonds, mortgages, marketable securities, or cash, or of rights to or interests in any rental or royalty computed by reference to the amount or value of production from an oil or gas well, or from a mineral resource, situated in Canada,

(iv) not less than 95% of its income for the year was derived from, or from dispositions of, investments described in subparagraph (iii),

(v) at no time in the year did more than 10% of its property consist of shares, bonds or securities of any one corporation or debtor other than Her Majesty in right of Canada or a province or a Canadian municipality, and

(vi) all holdings of and transactions, if any, in its units accorded with prescribed conditions relating to the number of its unit holders, dispersal of ownership of its units and public trading of its units.

Sec. 108(3)

(3) For the purposes of paragraph 70(6)(b), paragraphs 73(1)(a) and (b), paragraph 104(4)(a) (herein called the "rollover provisions:) and of paragraph 108(1)(e)

(a) the income of a trust is its income computed without reference to the provisions of this Act.

(b) where the trust directs the application of the income of the trust for the benefit of the spouse, the spouse, shall for the purposes of this Act, be deemed to be entitled to receive the income so directed to be applied.

(c) the fact that debts of the taxpayer or taxes exigible by reason of his death or administration expenses of the trust are payable out of the property of the trust shall not for that reason only prevent the application of the rollover provisions.

Comment: The Bar Association feels concern on two points in connection with the exclusive trust for a spouse. In the first place if money is spent for the benefit of a spouse rather than being paid to a spouse it ought to be treated in the same way. There is some concern that it would not be so treated and that the possibility of spending income for the benefit of a spouse would disqualify the trust. Similarly there is concern that if the trust must bear taxes payable to a province or to a municipality or debts of the deceased, that the trust would be disqualified. A section such as section 7(4) of the Estate Tax Act together with its interpretation is required and the Association is satisfied with the language which is proposed for this purpose.

Additional Sections to be amended

110(2)(a) Where an individual was, during the taxation year a member of a religious order and had, as such, taken a vow of perpetual poverty, he may, in lieu of the deduction permitted by paragraph 1(a), deduct from his income for the year an amount equal to his earned income for the year as defined by section 63 if, of his income, that amount has been paid to the order.

(b) Where a taxpayer has died in a taxation year in applying paragraph (1)(a) for the purpose of computing his taxable income for that year that paragraph shall be read without reference to the words "not exceeding 20%".

Comment: The Bill now limits charitable deductions to an amount equal to 20% of the taxable income in the terminal period. It is, in fact, not uncommon for a taxpayer to give all of his property, or all of his property subject to a life interest in favour of his spouse (and perhaps other dependants) to charity. The effect of the present provisions of the Bill would be to make some part of the charitable gift an amount in excess of the 20% limit and hence taxable. It is, therefore, suggested that in the year of death a 100% deduction should be available for charity. It is to be noted that this is not a novel suggestion. A 100% deduction is now available under the Estate Tax Act when a gift is being made to that well-known charity, the Crown. The Bar Association requests that the 100% deduction be generally applicable to all charitable gifts in the year of death.

54(e) "listed personal property" of a taxpayer means his personal-use property that is all or any portion of, or any interest in or right to, any

(i) print, etching, drawing, painting, sculpture, or other similar work of art,

(ii) jewellery,

(iii) rare folio, rare manuscript, or rare book,

(iv) stamp,

(v) coin,

(vi) antique furniture,

(vii) gold, silver, antique flatware or plate,

(viii) antique or rare china.

Comment: In the Minister's explanation of the Bill, the categories of listed personal property were explained as being examples of items which did not normally depreciate through use and would hence normally attract a gain on disposition. However, the technique in the Statute understandably has been to define a specific list for the purposes of listed personal property and the list contains omissions. Ordinary furniture depreciates through use but genuine antiques do not. The difficulty of establishing what is an antique can be resolved and is resolved for the purposes of the customs regulations. The present list includes coins, jewellery and works of art. These categories do not embrace gold or sterling silver tableware. Such articles do not depreciate through use and as they acquire patina of age they also acquire value. Similar articles made of more base metals such as pewter or copper or brass while normally belonging to the category of things which depreciate through use, may, if they are very old, move into the category of antiques and like the antique furniture, begin to appreciate by the passage of time whether or not used. Finally, antique or rare china describes two classes of pottery which do not depreciate through use. Every member of the Senate must be acquainted with particular items which, whether or not used, are more valuable now than when they were purchased. The characteristic of antiquity is here the more important qualification. Rare china which is not also old china will not commonly arise. However, certain of the most artistic makers of fine china are in the habit of issuing special limited editions which immediately commence growing in value.

40(2)(k) For the purposes of paragraph 69(1)(b) and subsections 70(5) and 104(4) there may be deducted from the proceeds of disposition otherwise determined of property (other than depreciable property) an amount equal to the reasonable expenses which would have been incurred by the taxpayer in the disposition of the property deemed to be disposed of by him had he actually disposed of that property.

Comment: Commission on the sale of property and other similar expenses are deductible in computing the capital gain to be paid by the taxpayer. It seems only fair that allowance be made for this type of expense which the property is deemed to be realized rather than actually realized.

122(2) Subsecion (1) is not applicable for a taxation year of an inter vivos trust other than a mutual fund trust or a classified trust if the trust

(a) was established before June 18, 1971

(b) was resident in Canada on June 18, 1971 and without interruption thereafter until the end of the year,

(c) did not carry on any active business in the year,

(d) has not received any property by way of gift after Royal Assent has been given to this Act,

(e) has not after Royal Assent has been given to this Act insured

(i) any debt

(ii) any other obligation to pay an amount to, or guaranteed by, any person with whom any beneficiary of the trust was not dealing at arms length.

Comment: Many trusts have been unintentionally put into the minimum 50% taxation category by additional gifts or borrowings since June 18, 1971. The authors of the Bill have their sights set upon sophisticated taxpayers indulging in constant tax planning. For such persons the rule of June 18 is undoubtedly fair. Those people all heard about this particular provision over the weekend of June 19 and 20. However, small trusts, often for children, are legion, not attended by formality and not always or even most largely, created by sophisticated people. The mother who banks her family allowance cheques in the name of the children, the grandfather who buys a $50 Canada Savings Bond each year for his grandchildren, are examples. Those trusts should be saved by the creation of a new category of infants' trusts but pending such salvation, it would be more equitable to give a greater amount of time to taxpayers to become acquainted with the rule. At the time of the last amendment Section 13(4) of the Estate Tax Amendment Act, 1968-1969 allowed taxpayers to engage in post mortem variations of wills in order to qualify within the definition of the spouse-exempt trust created by section 7(1)(b) of the Estate Tax Act. Such variation was permitted until August 1, 1969 and the purpose was to allow a sufficient period of time to elapse to catch the cases where persons would not have had a reasonable opportunity to alter wills. The same principle is applicable here.

Comment for Classified Trust. At present the Bill recognizes the following categories of trusts:

Unit Trusts

Testamentary Trusts

(a) exclusive spouse trust

(b) other trust

Inter Vivos Trusts

(a) exclusive spouse trust

(b) other trust created before June 18, 1971 and not contaminated by gifts or borrowing since that time

(c) other inter vivos trusts

The effect of the Bill is to treat generously spouse trusts, testamentary trusts and pre-June 18 trusts but all living trusts created after June 18 are treated punitively as if there never were any reason for employing them except tax avoidance. The Bar Association finds it tiresome to have to reiterate over and over again in argument with tax policy officials at the federal level that there are other uses and reasons for trusts than tax avoidance and that these uses are of everyday application. In the 1968-1969 amendments it was recognized that an infant's trust was a legitimate device. There was also recognition in the estate tax context of a trust for an incapable person. It is suggested that the revenue has nothing to fear from the creation of further types of trusts to be treated on a less punitive basis both as to the time when the trust is deemed to dispose of its capital assets and as to the applicable rate of tax on accumulating income. The Bar Association would suggest that the two categories most urgently required are the category of a protective trust and the category of infant's trust. In each case conditions could be established to protect the revenue while at the same time leaving criteria which could be met in ordinary cases. The Bar Association considers that flexibility could be obtained in this connection by building in the possibility of prescribing categories of trusts by regulation and in this way making provision in the future not only for the two types mentioned, but also for other types. The required amendment is extremely simple.

Routine Proceedings

Tuesday, 14th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTION

By the Honourable Senator Langlois:

7th December—That for the balance of the present Session, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Orders of the Day

Tuesday, 14th December, 1971

No. 1.

13th December—Resuming the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.—(*Honourable Senator Connolly, P.C.*).

No. 2.

13th December—Resuming the debate on the motion of the Honourable Senator Langlois, seconded by the Honourable Senator Bourget, P.C., for the second reading of the Bill C-273, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972".—(*Honourable Senator Grosart*).

No. 3.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator O'Leary*).

No. 4.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 5.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

No. 6.

1st December—Resuming the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.—(*Honourable Senator Flynn, P.C.*).

For Wednesday, 15th December, 1971.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, DECEMBER 15, 1971	
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*).....	2.30 p.m.
	THURSDAY, DECEMBER 16, 1971	
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*).....	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 126

Tuesday, 14th December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Bourget,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Croll,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Gouin,
Grosart,
Haig,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lefrançois,
Macdonald,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
O'Leary,
Petten,
Phillips,
Prowse,
Quart,
Smith,
Sparrow,
Stanbury,
Thompson,
Welch,
Yuzyk.

PRAYERS.

The Honourable Senator Langlois laid on the Table the following:—

Copies of final communiqué issued following the Ministerial Session of the North Atlantic Council, held in Brussels, December 9-10, 1971.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Fournier (*de Lanaudière*):

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, 15th December, 1971, and that Rule 76(4) be suspended in relation thereto.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.

After debate,
The Honourable Senator Beaubien moved, seconded by the Honourable Senator Welch, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Langlois, seconded by the Honourable Senator Bourget, P.C., for the second reading of the Bill C-273, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972".

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll, that the Bill be placed on the Orders of the Day for a third reading at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971.

After debate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C., that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of Preliminary Report No. 2 of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.

Debated.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Croll,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 15th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

By the Honourable Senator Langlois:

7th December—That for the balance of the present Session, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

For Thursday, 16th December, 1971.

By the Honourable Senator Flynn, P.C.:

14th December—That when the Senate adjourns today, it do stand adjourned until Monday, 10th January, 1972, at two o'clock in the afternoon.

Orders of the Day

Wednesday, 15th December, 1971

No. 1.

14th December—Third reading of the Bill C-273, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972".—(*Honourable Senator Langlois*).

No. 2.

13th December—Resuming the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.—(*Honourable Senator Beaubien*).

No. 3.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 6.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, DECEMBER 15, 1971	
Speaker's Chambers	Internal Economy, Budgets and Administration	10.00 a.m.
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*)	2.30 p.m.
	THURSDAY, DECEMBER 16, 1971	
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*)	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 127

Wednesday, 15th December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Beaubien,
Bélisle,
Blois,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*)
Cook,
Croll,
Davey,
Deschatelets,
Desruisseaux,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Gélinas,
Goldenberg,
Grosart,
Haig,
Hastings,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lefrançois,
Macdonald,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rowe,
Smith,
Sparrow,
Stanbury,
Thompson,
Welch,
Yuzyk.

PRAYERS.

The Honourable the Speaker informed the Senate that the Clerk of the Senate had received a Certificate from the Registrar General of Canada showing that Frederick William Rowe, Esquire, had been summoned to the Senate.

The Honourable the Speaker informed the Senate that there was a Senator without, waiting to be introduced.

The Honourable Senator Rowe, was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Basha, and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

CANADA

ROLAND MICHENER
(G.S.)

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO

Our Trusty and Well-beloved

FREDERICK WILLIAM ROWE,
Esquire,

of the City of St. John's, in the Province of Newfoundland,

GREETING:

KNOW YOU, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada;

AND We do command you, that all difficulties and excuses whatsoever laying aside, you be and appear for the purposes aforesaid, in the Senate of Canada at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden, and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this ninth day of December, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

Ordered, That the Writ be placed upon the Journals.

The Honourable Senator Rowe came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took his seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator Rowe had made and subscribed the Declaration of Qualification required of him by *The British North America Act, 1867,* in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

The Honourale Senator Smith, from the Standing Committee on Internal Economy, Budgets and Administration tabled the following Report:—

WEDNESDAY, December 15, 1971.

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs for the proposed expenditures of the said Committee with regard to its examination of the parole system in Canada, authorized by the Senate on 19th October, 1971, with power to engage staff and to adjourn from place to place inside or outside Canada, authorized by the Senate on 30th November, 1971. The said budget is as follows:

Professional and Special Services (Salaries)	$15,600
Printing of Committee Proceedings and Report	$54,000
Expenses of Witnesses	$ 5,000
Travelling Expenses	$ 5,000
Other Expenses and Contingencies	$ 2,000
	$81,600

Respectfully submitted,

DONALD SMITH,
Chairman.

The Honourable Senator Smith, from the Standing Committee on Internal Economy, Budgets and Administration presented its third Report as follows:—

WEDNESDAY, December 15, 1971.

The Standing Committee on Internal Economy, Budgets and Administration makes its third Report, as follows:—

Your Committee recommend that pursuant to subsection (1) of section 44 of the Senate and House of Commons Act, the following expenses shall be paid to Members of the Senate:

(a) (i) subject to paragraph (v), such expenses incurred by Members of the Senate in travelling one return trip each week between their place of residence and Ottawa by common carrier not in excess of the cost of air transportation economy fares (or first class in exceptional circumstances), which are supported by receipted vouchers, plus airporter service ground transportation expenses between the airline pick up point and airport, in Ottawa and in their place of residence;

or

(ii) such expenses incurred by Members of the Senate in travelling one return trip each week between their place of residence and Ottawa by motor vehicle not in excess of the cost of air transportation economy fares or sixteen cents per mile, whichever shall be the less;

(iii) such expenses incurred by Members of the Senate in travelling 10 return trips in each period of twelve consecutive months to any place in Canada from Ottawa or from their place of residence by common carrier not in excess of the cost of air transportation economy fares (or first class in exceptional circumstances) which are supported by receipted vouchers, plus airporter service ground transportation expenses between the airline pick up point and airport, in Ottawa, their place of residence or in the place in Canada as the case may be;

(iv) such expenses incurred by Members of the Senate for their spouses to travel six return trips in each period of twelve consecutive months by common carrier not in excess of the cost of air transportation economy fares (or first class in exceptional circumstances) which are supported by receipted vouchers, between their place of residence and Ottawa plus airporter service ground transportation expenses between the airline pick up point and airport, in Ottawa and in their place of residence; and

(v) the trips set out in paragraph (iii) and (iv) shall not be in addition to the trips for the Member of the Senate provided for in paragraph (i) but each trip undertaken under paragraph (iii) and each trip undertaken under paragraph (iv) shall be considered a weekly return trip provided for the Member of the Senate under paragraph (i).

The expenses set out herein are to replace those set out in paragraph (a) of the Report of this Committee adopted by the Senate on June 26, 1970.

These expenses shall take effect on the adoption of this Report by the Senate.

Respectfully submitted.

DONALD SMITH,
Chairman.

The Honourable Senator Smith moved, seconded by the Honourable Senator Fergusson, that the Report be taken into consideration at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Pursuant to the Order of the Day, the Honourable Senator Langlois moved, seconded by the Honourable Senator Smith, that the Bill C-273, intitled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972", be read the third time.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the third time and passed.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill.

Pursuant to the Order of the Day, the Senate resumed the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.

After debate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that further debate on the consideration of the Report be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable the Speaker informed the Senate that a communication had been received from the Assistant Secretary to the Governor General.

The communication was then read by the Honourable the Speaker as follows:—

GOVERNMENT HOUSE

OTTAWA

December 15th, 1971.

Sir,

I have the honour to inform you that the Honourable W. F. Spence, Puisne Judge of the Supreme Court of

Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 15th of December, 1971, 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,

LOUIS-FRÉMONT TRUDEAU,
Brigadier General,
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

Ordered, That the communication do lie on the Table.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately five forty o'clock p.m., it was—

Resolved in the affirmative. 3.00 p.m.

The sitting of the Senate was resumed. 5.40 p.m.

The Honourable the Speaker having put the question whether the Senate do now adjourn during the pleasure to await arrival of the Honourable the Deputy of His Excellency the Governor General, it was—

Resolved in the affirmative.

After awhile, the Honourable Wishart F. Spence, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

The Honourable the Speaker 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 Deputy of His Excellency the Governor General that they attend him immediately in the Senate Chamber."

The House of Commons being come,

The Clerk Assistant read the titles of the Bills to be assented to, as follows:—

An Act respecting Central-Del Rio Oils Limited

An Act respecting the Royal Victoria Hospital

An Act to provide for the obtaining of information respecting weather modification activities.

To these Bills the Royal Assent was pronounced by the Clerk of the Senate in the following words:—

"In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General doth assent to these Bills."

The Honourable the Speaker of the Commons addressed the Honourable the Deputy of His Excellency the Governor General, as follows:—

"May it please Your Honour:

The Commons of Canada have voted supplies to enable the Government to defray certain expenses of the public service:

In the name of the Commons, I present to Your Honour the following Bill:—

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1972.

To which Bill I humbly request Your Honour's Assent."

After the Clerk Assistant read the title of the Bill,—

To this Bill the Royal Assent was pronounced by the Clerk of the Senate in the following words:—

"In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General thanks her loyal subjects, accepts their benevolence, and assents to this Bill."

The Commons withdrew.

After which the Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Thursday, 16th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

No. 1.

By the Honourable Senator Langlois:

7th December—That for the balance of the present Session, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

No. 2.

By the Honourable Senator Flynn, P.C.:

14th December—That when the Senate adjourns today, it do stand adjourned until Monday, 10th January, 1972, at two o'clock in the afternoon.

Orders of the Day

Thursday, 16th December, 1971

No. 1.

13th December—Resuming the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.—(*Honourable Senator Martin, P.C.*).

No. 2.

15th December—Consideration of the third Report of the Standing Committee on Internal Economy, Budgets and Administration.—(*Honourable Senator Smith*).

No. 3.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 4.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 5.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 6.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, DECEMBER 16, 1971	
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*).....	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 128

Thursday, 16th December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Blois,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Davey,
Deschatelets,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Restigouche-Gloucester*),
Gélinas
Goldenberg,
Grosart,
Haig,
Hastings,
Heath,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Lang,
Langlois,
Lawson,
Lefrançois,
Macdonald,
Martin,
McElman,
McNamara,
Michaud,
Molgat,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rowe,
Smith,
Sparrow,
Stanbury,
Thompson,
van Roggen,
Welch,
Williams.

PRAYERS.

The Honourable the Speaker informed the Senate that the Clerk of the Senate had received Certificates from the Registrar General of Canada showing that:—

Michel Fournier, Esquire, and
Guy Williams,

had been summoned to the Senate.

The Honourable the Speaker informed the Senate that there were Senators without, waiting to be introduced.

The Honourable Senator Williams was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Nichol, and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

CANADA

ROLAND MICHENER
(G.S.)

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO
Our Trusty and Well-beloved
GUY WILLIAMS,
Esquire,

of Richmond, in the Province of British Columbia,

GREETING:

KNOW YOU, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada;

AND We do command you, that all difficulties and excuses whatsoever laying aside, you be and appear for the purposes aforesaid, in the Senate of Canada at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden, and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this ninth day of December, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

Ordered, That the Writ be placed upon the Journals.

The Honourable Senator Williams came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took his seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator Williams had made and subscribed the Declaration of Qualification required of him by *The British North America Act, 1867,* in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

The Honourable Senator Fournier was introduced between the Honourable Senator Martin, P.C., and the Honourable Senator Michaud, and having presented Her Majesty's Writ of Summons it was read by the Clerk Assistant, as follows:—

CANADA

ROLAND MICHENER
(G.S.)

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO
Our Trusty and Well-beloved
MICHEL FOURNIER,
Esquire,

of Pointe-Verte, Gloucester County, Province of New Brunswick,

GREETING:

KNOW YOU, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada;

AND WE do command you, that all difficulties and excuses whatsoever laying aside, you be and appear for the purposes aforesaid, in the Senate of Canada at all

times whensoever and wheresoever Our Parliament may be in Canada convoked and holden, and this you are in no wise to omit.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, Roland Michener, Chancellor and Principal Companion of Our Order of Canada upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this ninth day of December, in the year of Our Lord one thousand nine hundred and seventy-one and in the twentieth year of Our Reign.

BY COMMAND,

RON BASFORD,
Registrar General of Canada.

Ordered, That the Writ be placed upon the Journals.

The Honourable Senator Fournier came to the Table and took and subscribed the Oath prescribed by law, which was administered by the Clerk of the Senate, the Commissioner appointed for that purpose, and took his seat as a Member of the Senate.

The Honourable the Speaker informed the Senate that the Honourable Senator Fournier had made and subscribed the Declaration of Qualification required of him by *The British North America Act, 1867,* in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said Declaration.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Fournier (*de Lanaudière*):

That for the balance of the present Session, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

After debate, and—
The question being put on the motion,
The Senate divided and the names being called they were taken down as follows:—

YEAS

The Honourable Senators

Aird	Connolly	Fournier	Lafond	Nichol
Argue	(*Ottawa West*)	(*Restigouche-*	Laird	Paterson
Basha	Cook	*Gloucester*)	Lang	Petten
Benidickson	Davey	Gélinas	Langlois	Prowse
Boucher	Duggan	Goldenberg	Lawson	Rowe
Bourque	Eudes	Hastings	Lefrançois	Smith
Buckwold	Fergusson	Heath	Martin	Sparrow
Burchill	Forsey	Inman	McElman	Stanbury
Cameron	Fournier	Isnor	McNamara	Thompson
Carter	(*de Lanaudière*)	Kickham	Michaud	van Roggen
		Kinnear	Molgat	Williams—49.

NAYS

The Honourable Senators

Beaubien	Blois	Flynn	Haig	Phillips
Bélisle	Choquette	Grosart	Macdonald	Quart
			O'Leary	Welch—12.

So it was resolved in the affirmative.

The Honourable Senator Flynn, P.C., moved, seconded by the Honourable Senator Choquette:

That when the Senate adjourns today, it do stand adjourned until Monday, 10th January, 1972, at two o'clock in the afternoon.

After debate, and—
The question being put on the motion,
The Senate divided and the names being called they were taken down as follows:—

YEAS

The Honourable Senators

Bélisle	Flynn	Lang	Paterson	Quart
Blois	Haig	Macdonald	Phillips	Welch—13.
Choquette	Heath	O'Leary		

NAYS

The Honourable Senators

Aird	Connolly (*Ottawa West*)	Fournier (*Restigouche-Gloucester*)	Laird	Nichol
Basha	Cook	Gélinas	Langlois	Petten
Benidickson	Davey	Goldenberg	Lawson	Prowse
Boucher	Duggan	Hastings	Lefrançois	Rowe
Bourget	Eudes	Inman	Martin	Smith
Bourque	Fergusson	Isnor	McElman	Stanbury
Buckwold	Forsey	Kinnear	McNamara	Thompson
Burchill	Fournier (*de Lanaudière*)	Lafond	Michaud	van Roggen
Carter			Molgat	Williams—43.

So it was resolved in the negative.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America concerning joint participation in an Augmentor Wing Flight Test Project. Ottawa, October 19 and November 10, 1970. Entered into force November 10, 1970.

Copies of Notes exchanged between the Government of Canada and the Government of Barbados, constituting an Agreement relating to Canadian investments in Barbados insured by the Government of Canada through its agent, the Export Development Corporation. Port of Spain, October 26 and November 17, 1970. In force November 17, 1970.

Copies of Notes exchanged between the Government of Canada and the Government of Saint Lucia, constituting an Agreement relating to Canadian investments in Saint Lucia insured by the Government of Canada through its agent, the Export Development Corporation. Port of Spain, November 18 and 25, 1970. In force November 25, 1970.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, concerning the joint use, operation and maintenance of the Churchill Research Range (with Annex). Ottawa, November 16 and December 18, 1970. In force December 18, 1970 (with effect from July 1, 1970).

Copies of the Canada-Jamaica Income Tax Agreement. Signed at Kingston, Jamaica, January 4, 1971. In force May 19, 1971.

Copies of Agreement between the Government of Canada and the Food and Agriculture Organization of the United Nations. Done at Rome January 22, 1971. In force January 22, 1971.

Copies of Contribution Agreement between the Caribbean Development Bank and the Government of Canada, covering the use of Canadian Special Funds Resources. Bridgetown, Barbados, February 17, 1971. In force February 17, 1971.

Copies of Notes exchanged between Canada and the United States of America, amending the arrangement relating to Certificates of Airworthiness for Export effected by an Exchange of Notes of July 28, 1938. Ottawa, August 12, 1970 and February 18, 1971. In force February 18, 1971.

Copies of the International Wheat Agreement, 1971, consisting of a Wheat Trade Convention, 1971 and a Food Aid Convention, 1971. Washington, March 29-May 3, 1971.

Copies of Notes exchanged between Canada and the International Civil Aviation Organization, constituting a Supplementary Headquarters Premises Agreement. Ottawa, April 7, 1971. In force May 3, 1971.

Copies of Notes exchanged between Canada and the United States of America relating to the construction and maintenance by Canada of a Loran-A Station at Gray Point, British Columbia. Ottawa, April 8, 1971. In force April 8, 1971.

Copies of Agreement on scientific, industrial and technological co-operation between the Government of Canada and the Government of the Kingdom of Belgium. Done at Brussels, April 21, 1971. In force April 21, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, constituting an Agreement for co-operation in an experimental communications technology satellite project (with a memorandum of understanding dated April 20, 1971). Washington, April 21 and 27, 1971. In force April 27, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, constituting an Agreement completing the transfer of the Redcliff communications site to the Government of Canada. Ottawa, May 10, 1971. In force May 10, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, constituting an Agreement concerning a joint program in the field of Experimental Remote Sensing from Satellites and Aircraft. Signed at Washington, May 14, 1971. Entered into force May 14, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America for mutual co-operation between the two countries in the detection and suppression of forest fires within a buffer zone along the boundary separating the Yukon Territory and the State of Alaska. Washington, June 1, 1971. In force June 1, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, concerning the deactivation of the Stephenville Radar Station and the transfer to Canada of responsibility for the manning and the military personnel costs of the Melville Station. Washington, April 15 and June 30, 1971. In force June 30, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America concerning new financial arrangements to govern the operation and maintenance of the Pinetree radar stations in Canada which comprise the continental radar defence system. Ottawa, August 16, 1971. Effective from August 1, 1971.

Copies of Agreement and Operating Agreement relating to the International Telecommunications Satellite Organization "INTELSAT". Signed at Washington, August 20, 1971.

Copies of Agreement between the International Atomic Energy Agency, the Government of Canada and the Government of India relating to safeguards provisions. Vienna, September 30, 1971. In force September 30, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of Malaysia, constituting an Agreement relating to Canadian investments in Malaysia insured by the Government of Canada through its agent, the Export Development Corporation. Kuala Lumpur, July 30 and October 1, 1971. In force October 1, 1971.

Copies of Agreement between the Government of Canada and the Government of the Polish People's Republic, relating to the settlement of financial matters. Ottawa, October 15, 1971. In force October 15, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of the Kingdom of The Netherlands, constituting an Agreement in connection with the ferrying of Royal Netherlands Air Force NF-5 aircraft from Canada to The Netherlands. Ottawa, November 1, 1971. In force November 1, 1971.

Copies of Notes exchanged between the Government of Canada and the Government of Jamaica, constituting an Agreement relating to Canadian investments in Jamaica insured by the Government of Canada through its agent, the Export Development Corporation. Kingston, Jamaica, November 2, 1971. In force November 2, 1971.

The Order of the Day being called to resume the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate proceeded to the consideration of the third Report of the Standing Committee on Internal Economy, Budgets and Administration.

The Honourable Senator Smith moved, seconded by the Honourable Senator Cook, that the Report be adopted now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employ-

ment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—

Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—

Resolved in the affirmative.

Routine Proceedings

Friday, 17th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

MOTIONS

No. 1.

By the Honourable Senator Langlois:

16th December—That when the Senate adjourns today, it do stand adjourned until tomorrow, Saturday, 18th December, 1971, at eleven o'clock in the forenoon.

No. 2.

By the Honourable Senator Langlois:

16th December—That the names of the Honourable Senators Buckwold, Goldenberg, Lafond and McElman be substituted for those of the Honourable Senators Carter, Croll, Macnaughton and Smith on the list of Senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Orders of the Day

Friday, 17th December, 1971

No. 1.

13th December—Resuming the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Monday, 13th December, 1971.—(*Honourable Senator Martin, P.C.*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 5.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	FRIDAY, DECEMBER 17, 1971	
356–S	Legal and Constitutional Affairs (*Examination of the parole system in Canada*).....	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 129

Friday, 17th December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird
Basha
Bélisle
Benidickson
Blois
Bonnell
Boucher
Bourget
Bourque
Buckwold
Burchill
Cameron
Carter
Choquette
Connolly (*Ottawa West*)
Cook
Davey
Deschatelets
Duggan
Eudes
Fergusson
Flynn
Forsey
Fournier (*de Lanaudière*)
Fournier (*Restigouche-Gloucester*)
Gélinas
Goldenberg
Gouin
Grosart
Haig
Hastings
Inman
Isnor
Kinnear
Lafond
Laird
Lang
Langlois
Lawson
Lefrançois
Macdonald
Macnaughton
Manning
Martin
McElman
McNamara
Michaud
Molgat
Nichol
O'Leary
Paterson
Petten
Phillips
Prowse
Quart
Rowe
Sparrow
Stanbury
Thompson
van Roggen
Williams

PRAYERS.

Ordered, That the second division list printed in the Minutes of the Proceedings of the Senate of Thursday, 16th December, 1971, at pages 499 and 500 be corrected by the Clerk, as follows:

1. In the list of YEAS at the bottom of page 499, immediately after the name of the Honourable Senator Flynn, P.C., insert the name of the Honourable Senator Grosart, and correct the number of YEAS accordingly.

2. In the list of NAYS at the top of page 500, immediately after the name of the Honourable Senator Smith, insert the name of the Honourable Senator Sparrow, and correct the number of NAYS accordingly.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of a Report by the Minister of Manpower and Immigration on the results of training adults under the Canada Manpower Training Program for the period January to December 1970.

Report of the Postmaster General for the fiscal year ended March 31, 1971, pursuant to section 80(2) of the *Post Office Act*, Chapter P-14, R.S.C., 1970.

The Honourable Senator Cameron, Vice-Chairman, from the Special Committee of the Senate on Science Policy presented the following Report:—

THURSDAY, 9th December, 1971.

The Special Committee of the Senate on Science Policy, which was appointed on the 8th October, 1970, to consider and report on the science policy of the Federal Government, reports as follows:

On 17th December, 1970, the Honourable Senator Maurice Lamontagne, P.C., Chairman, tabled Volume I of the Report of the said Committee, prepared pursuant to the Committee's terms of reference and entitled "*A Science Policy for Canada—A Critical Review: Past and Present*", together with a Summary thereof.

Volume II of the Report is now in the hands of the printer and your Committee asks leave of the Senate to publish and distribute the said Volume II as soon as it becomes available, even though the Senate may not then be sitting.

Respectfully submitted,

DONALD CAMERON,
Vice-Chairman.

With leave of the Senate,
The Honourable Senator Cameron moved, seconded by the Honourable Senator O'Leary, that the Report be adopted now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Macdonald moved, seconded by the Honourable Senator Blois:

That the names of the Honourable Senators Bélisle, O'Leary, Phillips and Quart be substituted for those of the Honourable Senators Blois, Haig, Welch and White on the list of Senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Saturday, 18th December, 1971, at eleven o'clock in the forenoon.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C.:

That the motion standing in his name be amended by adding thereto the following:—

"and that the names of the Honourable Senators Bourget and Langlois be added to the list of Senators serving on the said Committee.".

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

With leave,
The Senate reverted to Notices of Motions.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the names of the Honourable Senators Buckwold and Williams be added to the list of Senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The question being put on the motion, it was—
Resolved in the affirmative.

The Senate reverted to the Motions.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the names of the Honourable Senators Buckwold, Goldenberg, Lafond and McElman be substituted for those of the Honourable Senators Carter, Croll, Macnaughton and Smith on the list of Senators serving on the Standing Senate Committee on Banking, Trade and Commerce and that the names of the Honourable Senators Bourget and Langlois be added to the list of Senators serving on the said Committee.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being read,
With leave of the Senate,
The Honourable Senator Paterson resumed the debate on the consideration of the Final Report of the Standing Senate Committee on Banking, Trade and Commerce on the Summary of 1971 Tax Reform Legislation, tabled in the Senate on Tuesday, 30th November, 1971.

Debated.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately four forty-five o'clock p.m., it was—

Resolved in the affirmative. 3.20 p.m.

The sitting of the Senate was resumed. 4.45 p.m.

A Message was brought from the House of Commons by their Clerk with a Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", to which they desire the concurrence of the Senate.

The Bill was read the first time.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that the Bill be read a second time later this day.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately eight o'clock p.m., it was—

Resolved in the affirmative. 4.55 p.m.

The sitting of the Senate was resumed. 8.00 p.m.

Pursuant to Order, the Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", be read the second time.

After debate,

The Honourable Senator Bélisle moved, seconded by the Honourable Senator Lawson, that further debate on the motion be adjourned until the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Saturday, 18th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Saturday, 18th December, 1971

No. 1.

17th December—Resuming the debate on the motion of the Honourable Senator Martin, P.C., seconded by the Honourable Senator Langlois, for the second reading of the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act".—(*Honourable Senator Bélisle*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 5.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	MONDAY, DECEMBER 20, 1971	
356–S	Legal and Constitutional Affairs (*Examination of parole system in Canada*).....	9.30 a.m.

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Minutes of the Proceedings of the Senate

No. 130

Saturday, 18th December, 1971

11.00 o'clock a.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Bélisle,
Benidickson,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Cameron,
Carter,
Choquette,
Connolly (*Ottawa West*),
Cook,
Davey,
Deschatelets,
Duggan,
Eudes,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Restigouche-Gloucester*),
Gélinas,
Goldenberg,
Gouin,
Grosart,
Hastings,
Inman,
Isnor,
Kinnear,
Lafond,
Laird,
Langlois,
Lawson,
Lefrançois,
Macdonald,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rowe,
Sparrow,
Stanbury,
Thompson,
van Roggen,
Williams.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Superintendent of Insurance for Canada on Small Loans Companies and Money-Lenders licensed under the *Small Loans Act* for the year ended December 31, 1970.

Report on the administration of the *Industrial Research and Development Incentives Act* for the fiscal year ended March 31, 1971, pursuant to section 17 of the said Act, Chapter I-10, R.S.C., 1970.

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Martin, P.C., seconded by the Honourable Senator Langlois, for the second reading of the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act".

The debate was interrupted, and—

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately two-thirty o'clock p.m., it was—

Resolved in the affirmative. 12.55 p.m.

The sitting of the Senate was resumed. 2.30 p.m.

After further debate, and—
The question being put on the motion, it was—
Resolved in the affirmative, on division.

The Bill was then read the second time, on division.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that the Bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

After debate, and—
In amendment, the Honourable Senator Grosart moved, seconded by the Honourable Senator O'Leary, that the following words be added to the motion:

"and that the Committee be instructed to bring back to the Senate a report incorporating the amendments to Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", which have been drafted by the Committee and other amendments recommended to the Senate as "top priority" changes in the bill necessary to correct existing defects in the bill as reported by the Standing Senate Committee on Banking, Trade and Commerce."

RULING BY THE HONOURABLE THE SPEAKER

Honourable Senators:

I have now had time to examine the authorities on similar amendments where instructions were to be given to a committee. In fact, although I cannot recall the exact circumstances, we did have a similar case one or two years ago. At any rate, I should now like to read from *Bourinot's Parliamentary Procedure,* Fourth Edition, page 513. It reads as follows:

"Considerable misapprehension appears to exist as to the meaning of an instruction. An instruction is given to a committee to confer on it that power which, without such instruction, it would not have. If the subject-matter of an instruction is relevant to the subject-matter and within the scope and title of a bill, then such instruction is irregular since the committee had the power to make the required amendment."

Therefore, Honourable Senators, since the Standing Committee on Banking, Trade and Commerce has all of the powers to do what is the purpose of this motion in amendment, I must rule it out of order.

Debate was resumed on the motion of the Honourable Senator Martin, P.C., seconded by the Honourable Senator Langlois, that the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", be referred to the Standing Senate Committee on Banking, Trade and Commerce,

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Flynn, P.C., moved, seconded by the Honourable Senator Macdonald:

That should the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", be again before the Senate before 10th January, 1972, it be not considered before that date.

After debate—
It being six o'clock, the Honourable the Speaker left the Chair to resume the same at eight o'clock.

8.00 p.m.

The Senate resumed the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Macdonald:

That should the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provi-

sions and alterations in the statute law related to or consequential upon the amendments to that Act", be again before the Senate before 10th January, 1972, it be not considered before that date.

After further debate, and—
The question being put on the motion, it was—
Resolved in the negative, on division.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.,
That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Monday, 20th December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Monday, 20th December, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 2.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 3.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 4.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 21st December, 1971.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	MONDAY, DECEMBER 20, 1971	
356–S	Banking, Trade and Commerce (*Bill C–259 'An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act'*)	10.00 a.m.
	TUESDAY, DECEMBER 21, 1971	
356–S	Constitution of Canada (*In Camera*) (*Consideration of Draft Report*)	10.00 a.m.

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Minutes of the Proceedings of the Senate

No. 131

Monday, 20th December, 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Basha,
Beaubien,
Bélisle,
Benidickson,
Bonnell,
Boucher,
Bourget,
Buckwold,
Connolly (*Ottawa West*),
Cook,
Deschatelets,
Duggan,
Eudes,
Everett,
Fergusson,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Restigouche-Gloucester*),
Gélinas,
Goldenberg,
Grosart,
Hastings,
Hays,
Inman,
Isnor,
Kinnear,
Lafond,
Laird,
Langlois,
Lawson,
Lefrançois,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rowe,
Stanbury,
van Roggen,
Williams.

PRAYERS.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately five-thirty o'clock p.m., it was—

Resolved in the affirmative. 2.05 p.m.

The sitting of the Senate was resumed. 6.15 p.m.

With leave of the Senate,
The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Tuesday, 21st December, 1971, at eleven o'clock in the forenoon.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Tuesday, 21st December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Tuesday, 21st December, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 2.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 3.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 4.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

No. 5.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour

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Minutes of the Proceedings of the Senate

No. 132

Tuesday, 21st December, 1971

11.00 o'clock a.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Bonnell,
Boucher,
Bourget,
Buckwold,
Connolly (*Ottawa West*),
Cook,
Davey,
Deschatelets,
Duggan,
Eudes,
Everett,
Fergusson,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Restigouche-Gloucester*),
Gélinas,
Goldenberg,
Grosart,
Hastings,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lawson,
Lefrançois,
Manning,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Prowse,
Quart,
Rowe,
Sparrow,
Stanbury,
van Roggen,
Williams.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of a Report entitled "Concentration in the Manufacturing Industries of Canada", published under the authority of the Minister of Consumer and Corporate Affairs, together with copies of the Minister's statement and a press release relating thereto.

The Honourable Senator Connolly, P.C., Acting Chairman, from the Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", presented the following Report:—

MONDAY, December 20, 1971.

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act, has in obedience to the order of reference of December 18, 1971, examined the said Bill and now reports the same without amendment.

Your Committee, however, considers it urgent that the following observations be made.

As a result of a reference to your Committee by the Senate on September 14, 1971, your Committee considered the Summary of 1971 Tax Reform Legislation and the Bill based thereon, being Bill C-259, which Bill received first reading in the House of Commons in June. The present Bill C-259, although amended in part, is in substance the same Bill which received first reading in June in the House of Commons.

As this Committee's first preliminary report states: "your Committee has heard a number of representations and has received a number of written submissions on the proposed legislation." As a result of its deliberations and studies your Committee submitted to the Senate its First Preliminary Report on November 4, 1971, its Second Preliminary Report on November 30, 1971, and its Third and Final Report on December 13, 1971.

These Reports include a series of recommendations for suggested amendments to Bill C-259. In approving this Bill today this Committee reiterates with the greatest possible emphasis that the recommendations for changes in the Bill as contained in these Reports, are of continuing importance and relevance.

Your Committee further recommends to the Minister of Finance and the Minister of National Revenue the following:

(1) That a method be found to deal with the subject-matter of the distribution of corporate undistributed income accrued subsequent to December 31, 1971, in a manner similar to the method proposed in Bill C-259 for dealing with corporate undistributed income accrued prior to January 1, 1972; and

(2) That the Minister of National Revenue give binding advance rulings on a written set of facts as to:

(a) The exercise of ministerial discretion under the Income Tax Act.

(b) As to whether a receipt would be an income receipt or a capital receipt under the Income Tax Act.

Your Committee, nonetheless, is of the view that the content and context of the Bill urgently calls for a series of amendments which will clarify and simplify certain sections thereof and excise others.

In view of the statements made by the Minister of Finance before your Committee on December 13 and this day, your Committee confidently expects that the Government will give meaningful consideration to the recommendations of your Committee in respect of Bill C-259 in amending legislation to be presented to the House of Commons as soon as possible in 1972.

It is therefore expected that the Government will give intensive and meaningful attention to the views expressed herein having regard to the important role that the Senate of Canada has played and is playing in the government of this country as one of its two constituent parliamentary Chambers.

Respectfully submitted.

JOHN J. CONNOLLY,
Acting Chairman.

The Honourable Senator Connolly, P.C., called the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act".

The debate was interrupted, and—

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately two thirty o'clock p.m., it was—

Resolved in the affirmative. 12.45 p.m.

The sitting of the Senate was resumed. 2.30 p.m.

After further debate,

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois, that the Bill C-259, intituled: "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act", be read the third time now.

The question being put on the motion,
The Senate divided and the names being called they were taken down as follows:—

YEAS

The Honourable Senators

Argue,	Cook,	Gélinas,	Laird,	Michaud,
Basha,	Davey,	Goldenberg,	Langlois,	Molgat,
Beaubien,	Duggan,	Hastings,	Lawson,	Nichol,
Benidickson,	Eudes,	Hays,	Lefrançois,	Petten,
Bonnell,	Everett,	Inman,	Manning,	Prowse,
Boucher,	Fournier	Isnor,	Martin,	Rowe,
Bourget,	(*de Lanaudière*),	Kickham,	McElman,	Sparrow,
Buckwold,	Fournier	Kinnear,	McGrand,	Stanbury,
Connolly	(*Restigouche-*	Lafond,	McNamara,	van Roggen—43.
(*Ottawa West*),	*Gloucester*),			

NAYS

The Honourable Senators

Bélisle,	Grosart,	O'Leary,	Quart—4.

So it was resolved in the affirmative.

The Bill was then read the third time and passed, on division.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill, without amendment.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until Tuesday, 8th February, 1972.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately five o'clock p.m., it was—

Resolved in the affirmative 3.50 p.m.

The sitting of the Senate was resumed. 5.15 p.m.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately eight thirty o'clock p.m., it was—

Resolved in the affirmative. 5.20 p.m.

The sitting of the Senate was resumed. 8.30 p.m.

A Message was brought from the House of Commons by their Clerk with a Bill C-260, intituled: "An Act to amend the Excise Tax Act and the Old Age Security Act", to which they desire the concurrence of the Senate.

The Bill was read the first time.

The Honourable Senator Stanbury moved, seconded by the Honourable Senator Michaud, that the Bill be read the second time now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Stanbury moved, seconded by the Honourable Senator Fournier (*de Lanaudière*), that the Bill be placed on the Orders of the Day for a third reading at the next sitting of the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Benidickson, P.C.,

That the Senate do now adjourn until tomorrow, Wednesday, 22nd December, 1971, at eleven o'clock in the forenoon.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 22nd December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Wednesday, 22nd December, 1971

No. 1.

21st December—Third reading of the Bill C-260, intituled: "An Act to amend the Excise Tax Act and the Old Age Security Act".—(*Honourable Senator Stanbury*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 5.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 8th February, 1972.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour

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20 Elizabeth II
A.D. 1971
Canada

Minutes of the Proceedings of the Senate

No. 133

Wednesday, 22nd December, 1971

11.00 o'clock a.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Beaubien,
Bélisle,
Benidickson,
Boucher,
Bourget,
Bourque,
Cameron,
Connolly (*Ottawa West*),
Cook,
Davey,
Deschatelets,
Duggan,
Eudes,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Madawaska-Gloucester*),
Goldenberg,
Grosart,
Hays,
Inman,
Isnor,
Kickham,
Kinnear,
Lafond,
Laird,
Langlois,
Lefrançois,
Martin,
McElman,
McGrand,
Michaud,
Molgat,
Paterson,
Petten,
Phillips,
Prowse,
Sparrow,
Stanbury.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Copies of 1971 Report of the International Joint Commission on the environmental and ecological consequences in Canada of raising Ross Lake in the Skagit Valley to elevation 1725. (English text).

Copies of a communiqué issued following the Ministerial Meeting of the Group of Ten, held in Washington, D.C. December 17th and 18th 1971. (English text).

Copies of a contract between the Government of Canada and the Town of Grand Centre, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970. (English text).

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1971, pursuant to section 20(2) of the *National Film Act*, Chapter N-7, R.S.C., 1970.

Pursuant to the Order of the Day, the Honourable Senator Stanbury moved, seconded by the Honourable Senator Fournier (*de Lanaudière*), that the Bill C-260, intituled: "An Act to amend the Excise Act and the Old Age Security Act", be read the third time.

The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the third time and passed.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill, without amendment.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately five o'clock p.m., it was—

Resolved in the affirmative. 11.50 a.m.

The sitting of the Senate was resumed. 5.10 p.m.

A Message was brought from the House of Commons by their Clerk to return the Bill S-9, intituled: "An Act to amend the Copyright Act",

And to acquaint the Senate that the Commons had passed this Bill, without amendment.

A Message was brought from the House of Commons by their Clerk with a Bill C-261, intituled: "An Act to amend the Customs Tariff", to which they desire the concurrence of the Senate.

The Bill was read the first time.

The Honourable Senator Goldenberg moved, seconded by the Honourable Senator McElman, that the Bill be read the second time now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Goldenberg moved, seconded by the Honourable Senator McElman, that the Bill be read the third time now.

The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the third time and passed.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill, without amendment.

Ordered, That the Table setting out the rates of duty provided for in Bill C-261, intituled: "An Act to amend the Customs Tariff", and the corresponding rates in effect prior to the 1971 Budget, be printed as an Appendix to the Minutes of the Proceedings of the Senate of this day.

(See Appendix to the Minutes of the Proceedings of the Senate of this day at pages 520-525).

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C.,

That the Senate do now adjourn until tomorrow, Thursday, 23rd December, 1971, at two o'clock in the afternoon.

The question being put on the motion, it was—
Resolved in the affirmative.

APPENDIX

CANADIAN CUSTOMS TARIFF

TABLE SETTING OUT THE RATES OF DUTY FOR BILL C-261, INTITULED: "AN ACT TO AMEND THE CUSTOMS TARIFF", AND THE CORRESPONDING RATES IN EFFECT PRIOR TO THE 1971 BUDGET.

SCHEDULE A

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
7801-1	Palms, ferns, rubber plants (Ficus), cannas, dahlias, paeonias, rhododendrons *including azaleas*, pot-grown lilacs, araucarias and laurels	Free	Free	20 p.c.	Free Free	Free 12½ p.c.	20 p.c. 20 p.c.
7802-1	Gladiolus, *as corms*	15 p.c.	17½ p.c.	25 p.c.	15 p.c.	17½ p.c.	25 p.c.
7803-1	Hydrangeas and other pot-grown plants, n.o.p.; rose stock and other stock for grafting or budding, n.o.p.; bulbs, corms, tubers, rhizomes and dormant roots, n.o.p.	Free	12½ p.c.	20 p.c.	Free	12½ p.c.	20 p.c.
7804-1	*Hydrangeas and other pot-grown plants, n.o.p.; rose stock and other stock for grafting or budding, n.o.p.; bulbs, corms, tubers, rhizomes and dormant roots, n.o.p.; dwarf polyantha rose bushes;*						
	All the foregoing imported or purchased in bond in Canada by florists or nurserymen for bona fide forcing purposes or growing on prior to disposal	Free	Free	20 p.c	Free Free	Free 12½ p.c.	30 p.c. 20 p.c.
7915-1	Flowers and foliage, natural, cut, whether or not in designs or bouquets *and whether or not coloured by osmosis, n.o.p.*	Free	12½ p.c.	40 p.c.	Free	12½ p.c.	40 p.c.
16700-1	Malt, whole, crushed or ground, n.o.p. ... per pound	½ ct.	½ ct.	¾ ct.	½ ct.	½ ct.	¾ ct.
16705-1	Malt flour, n.o.p. ... per pound	½ ct.	½ ct.	¾ ct.	½ ct.	½ ct.	¾ ct.
19947-1	*Macerated paper pads for use exclusively in the packaging of fresh fruit*	Free	Free	35 p.c.	15 p.c.	17½ p.c.	35 p.c.
20605-1	Sera and antisera, toxoids, viruses, toxins and antitoxins; virus and bacterial vaccines, bacteriophage and bacterial lysates; allergenics, liver extracts, pituitary extracts, epinephrine and its solutions; insulin with or without zinc, globin or protamine; all of the foregoing when imported for parenteral administration in the diagnosis, *prevention* or treatment of diseases of man	Free	Free	Free	Free	Free	Free
20610-1	Biological products, animal or vegetable, n.o.p., for parenteral administration in the diagnosis, *prevention* or treatment of diseases of animals or poultry, when imported under permit of the Veterinary Director General	Free	Free	Free	Free	Free	Free
23800-1	*Rice hulls*	Free	Free	25 p.c.	Free	Free	25 p.c.
26906-1	*Petroleum fuel oil .9200 specific gravity or heavier at 60 degrees Fahrenheit ... per gallon* *on and after July 1, 1973 ... per gallon*	Free ½ ct.	Free ½ ct.	1 ct. 1 ct.	½ ct.	½ ct.	1 ct.
26910-1	*Fractions of petroleum described in tariff item 26901-1, for use as feedstocks in the manufacture of the goods described in tariff headings 92901 or 92904 ... per gallon*	½ ct.	½ ct.	1 ct.	¾ ct.	1 ct.	2 cts.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
40918-1	Spraying and dusting machines and attachments therefor, including hand sprayers, for agricultural or horticultural purposes; apparatus for the destruction of predatory animals by the discharge of poisonous cartridges and poisonous cartridges for such apparatus; automatic explosive bird-scaring devices; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; dehorning instruments; magnets for veterinary use; *electric bird-scaring devices, not including recorders or reproducers using magnetizable tape as a recording medium, to be used exclusively for scaring birds by producing sounds simulating their natural alarm cries;* parts of the foregoing	Free	Free	Free	Free 15 p.c.	Free 17½ p.c.	Free 30 p.c.
41024-1	*Silicon carbide electric heating elements and parts thereof*	Free	Free	30 p.c.	Free 15 p.c.	Free 17½ p.c.	30 p.c. 30 p.c.
41100-1	Machines for use in sawing lumber, up to but not including the operation of planing, and parts thereof, not including equipment for driving the machinery of the sawmill, when for use exclusively in saw mills; Machines, and parts thereof, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier	10 p.c.	12½ p.c.	20 p.c.	10 p.c.	12½ p.c.	20 p.c.
	Except that in the case of the importation into Canada of any goods enumerated in this item, the Governor in Council on the recommendation of the Minister of Industry, Trade and Commerce may, whenever he considers that it is in the public interest and that the goods are not available from production in Canada, remit the duty specified in this item applicable to the goods, and subsections (2), (3), (4), (5) and (8) of section 22 of the Financial Administration Act apply in the case of a remission granted under this provision.						
41105-1	*Self-propelled trucks, not including machines for felling, skidding, piling, loading, bunching or processing trees or logs, which have been modified for carrying a load;* logging cars; captive balloons; blocks and tackle; wire rope, not including wire rope to be used for guy ropes or in braking logs going down grade; parts of all the foregoing; all the foregoing for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier	10 p.c.	12½ p.c.	20 p.c.	10 p.c.	12½ p.c.	20 p.c.
42000-1	Machines and parts thereof, of a class or kind not made in Canada, for use exclusively in the tanning or embossing of leather	Free	Free	10 p.c.	Free	5 p.c.	10 p.c.
	Cutlery of iron or steel, plated or not:						
42902-1	Spoons, table knives and table forks, *imported separately or in sets*	15 p.c.	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.
43132—1	*Parts for tripods enumerated in tariff item 43130—1*	Free	5 p.c.	20 p.c.	10 p.c.	17½ p.c.	35 p.c.
	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
44043-1	When of types or sizes not made in Canada on and after July 1, *1974*	Free Free	Free 7½ p.c.	27½ p.c. 27½ p.c.	Free Free	Free 7½ p.c. (on and after July 1, 1971)	27½ p.c. 27½ p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured Nation Tariff	General Tariff
	Aircraft engines, when imported for use in the equipment of aircraft:						
44047—1	When of types or sizes not made in Canada....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	on and after July 1, *1974*	Free	7½ p.c.	27½ p.c.	Free	7½ p.c. (on and after July 1, 1971)	27½ p.c.
44210—1	*Rotors, blade diaphragms, spindle discs, shafts and blades, wholly or in chief part of metal, of a class or kind not made in Canada, when imported for use by turbine manufacturers in the repair or remanufacture gas or steam turbines and parts thereof entitled to entry under tariff item 42805—1*.....	Free	Free	Free	Free	Free	Free
46900–1	Machine card clothing.....	Free	Free	25 p.c.	Free	10 p.c.	25 p.c.
					10 p.c.	20 p.c.	25 p.c.
	Invalid chairs, commode chairs, walkers and all other aids to locomotion, with or without wheels; motive power and wheel assemblies therefor; *patterning devices*; toilet, bath and shower seats; all specially designed for the disabled; accessories and attachments for all the foregoing:						
47825–1	Of a class or kind made in Canada; parts thereof.....	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
47826–1	Of a class or kind not made in Canada; parts thereof.....	Free	Free	Free	Free	Free	Free
					2½ p.c.	15 p.c.	35 p.c.
48205–1	*Articles or* materials for use in the manufacture or repair of hearing aids and parts thereof as specified in tariff item 48200–1.....	Free	Free	Free	Free	Free	Free
					7½ p.c.	7½ p.c.	25 p.c.
					Free	15 p.c.	25 p.c.
59745–1	Accordions *and parts thereof*.....	Free	Free	25 p.c.	Free	Free	30 p.c.
					15 p.c.	17½ p.c.	25 p.c.
					15 p.c.	15 p.c.	25 p.c.
					15 p.c.	17½ p.c.	30 p.c.
					10 p.c.	17½ p.c.	35 p.c.
59755–1	Musical instruments, namely: Autoharps, clavichords, harpsichords, harps; Violas, violas, violins, violoncellos, *and bows therefor;* Strings for the foregoing; *Orchestral or concert chimes or bells, vibraharps or vibraphones, marimbas,* xylophones, *and mallets therefor;* *Tuned handbells, n.o.p.;* Bassoons, clarinets, English horns, fifes, flutes, oboes, piccolos, practice chanters, recorders, saxophones; Parts of the foregoing.....	Free	Free	30 p.c.	Free	Free	30 p.c.
					15 p.c.	15 p.c.	30 p.c.
					17½ p.c.	17½ p.c.	30 p.c.
65820–1	*Motion picture films, 16 millimetres or more in width, video tape recordings and sound recordings in tape form, not including filmed or video taped television commercials or sound recordings of such commercials, for use exclusively in the dubbing of sound-tracks of motion picture films or video tape recordings, provided the original films, video tape recordings or sound recordings are re-exported within six months from the date of importation, under such regulations as the Minister may prescribe*.....	Free	Free	25 p.c.	Free	1½ cts. per lin. ft.	3 cts.
					Free	1½ cts. per lin ft. but not more than 20 p.c.	3 cts. 30 p.c.
					15 p.c.	20 p.c.	25 p.c.

Tariff Item		British Preferential Tariff	Most-Favoured Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured Nation Tariff	General Tariff
69200-1	Coins or medals *for* collections; postage stamps; medals and other articles, which have been bestowed as trophies or prizes and received and accepted as honorary distinctions, or which have been donated by persons or organizations abroad for such purposes; trophy cups and other prizes for such purposes; trophy cups and other prizes (not usual merchantable commodities) won abroad in bona fide competitions, or donated by persons or organizations abroad for such purposes in Canada. The foregoing not to include medals, trophies or prizes which are regularly presented by organizations or business companies to their members, employees or representatives.....	Free	Free	Free	Free Various	Free Various	Free Various
	Original sculptures and statuary, including the first twelve replicas made from an original work or model; *assemblages:*						
69515-1	The professional production of *artists* only and valued at not less than seventy-five dollars each	Free	Free	Free	Free Various	Free Various	Free Various
69516-1	The production of artists domiciled in Canada but residing temporarily abroad, under regulations by the Minister.....	Free	Free	Free	Free Various	Free Various	Free Various
69520-1	*Original* paintings, drawings, *collages* and pastels by artists; Engravings, etchings, lithographs, woodcuts, maps and charts; printed prior to 1st January 1900; Original engravings, etchings, lithographs, woodcuts, unbound, printed from plates or blocks wholly executed by hand, and signed by the artist *or, under regulations by the Minister, authenticated by or on behalf of the artist;* *Serigraphs and photographic or photo-mechanical representations, numbered and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist;* *Any combination of the foregoing media, numbered and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist*.....	Free	Free	Free	Free 12½ p.c. 15 p.c.	Free 20 p.c. 22½ p.c.	Free 22½ p.c. 25 p.c.
69525-1	Hand-woven tapestries *or handmade appliqués*, suitable only for use as wall hangings, valued at not less then twenty dollars per square foot.....	Free	Free	Free	Free 12½ p.c.	Free 20 p.c.	Free 22½ p.c.
69526-1	*Hand-woven tapestries or handmade appliqués, suitable only for use as wall hangings, produced by artists domiciled in Canada but residing temporarily abroad, under regulations by the Minister*.....	Free	Free	Free	Free 12½ p.c.	Free 20 p.c.	Free 22½ p.c.
69805-1	*Glass beads for handmale articles*.....	Free	Free	22½ p.c.	10 p.c.	17½ p.c.	22½ p.c.
71115-1	*Pots or compressed pellets, wholly or in chief part of peat, for use exclusively in growing plants for transplanting purposes, or for protecting plants while growing*.....	10 p.c.	10 p.c.	25 p.c.	10 p.c. 15 p.c.	10 p.c. 17½ p.c.	25 p.c. 25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
	92804—Hydrogen, rare gases and other non-metals:						
92804-3	Phosphorus	Free	5 p.c.	25 p.c.	Free	15 p.c.	25 p.c.
	93902—Polymerisation and copolymerisation products (for example, polyethylene, polytetrahaloethylenes, polyisobutylene, polystyrene, polyvinyl chloride, polyvinyl acetate, polyvinyl chloroacetate and other polyvinyl derivatives, polyacrylic and polymethacrylic derivatives, coumarone-indene resins):						
	(a) Without admixture other than an agent necessary to prevent caking, including scrap and waste; aqueous emulsions, aqueous dispersions or aqueous solutions, without other admixture:						
93902-3	Polyethylene type	10 p.c.	10 p.c	20 p.c.	7½ p.c.	7½ p.c.	20 p.c.
	(c) Moulding compositions, n.o.p., including scrap or waste, whether or not completely formulated; such compositions in the form of not fully cured preforms for compression moulding:						
93902—42	Polyethylene type	12½ p.c.	12½ p.c.	25 p.c.	10 p.c.	10 p.c.	20 p.c.
	(g) Plates, sheets, film, sheeting, strip; lay-flat or other tubing, blocks, bars, rods, sticks, non-textile monofilament and other profile shapes imported in lenghts, all produced in uniform cross-section:						
93902—82	Polyethylene type	17½ p.c.	17½ p.c.	25 p.c.	15 p.c.	15 p.c.	25 p.c.

SCHEDULE B

Item No.	Goods	When Subject to Drawback	Portion of Duty Payable as Drawback
97008-1	Materials, woven, knitted, bonded, braided or felted, whether or not pleated, folded or sewn, *including ribbons whether or not cut to length.*	When used by manufacturers of hats in making bands for, or in binding the edges of, men's hats	99 p.c.
97045-1	*Fire brick.*	*When used in the construction or repair of coke ovens*	99 p.c.

SCHEDULE C

99208-1	Metallic trading checks in circular form, *unless in any particular case or class of cases exempted from the provisions of this item by a regulation of the Governor in Council.*

Routine Proceedings

Thursday, 23rd December, 1971

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Thursday, 23rd December, 1971

No. 1.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 2.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 3.

1st December—Resuming the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.—(*Honourable Senator Argue*).

No. 4.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

For Tuesday, 8th February, 1972.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

MEETINGS OF SENATE COMMITTEES

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Minutes of the Proceedings of the Senate

No. 134

Thursday, 23rd December 1971

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Argue,
Basha,
Bélisle,
Benidickson,
Bourget,
Bourque,
Cameron,
Connolly (*Ottawa West*),
Cook,
Deschatelets,
Duggan,
Eudes,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Madawaska-Gloucester*),
Goldenberg,
Grosart,
Inman,
Isnor,
Kickham,
Lafond,
Laird,
Langlois,
Lapointe,
Lefrançois,
Martin,
McElman,
McGrand,
Michaud,
Molgat,
Paterson,
Petten,
Phillips,
Prowse,
Sparrow,
Stanbury.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Department of Energy, Mines and Resources for the fiscal year ended March 31, 1970, pursuant to section 5 of the *Department of Energy, Mines and Resources Act,* Chapter E-6, R.S.C., 1970.

Copies of a Report on job vacancies, issued by the Department of Manpower and Immigration in conjunction with Statistics Canada.

Capital and Operating Budgets of the Canadian National Railways for the year ending December 31, 1971, pursuant to section 37(2) of the *Canadian National Railways Act,* Chapter C-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1971-2066, dated September 30, 1971, approving same. (English text).

Capital Budget of Air Canada for the year ending December 31, 1971, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1971-2065, dated September 30, 1971, approving same. (English text).

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

Pursuant to the Order of the Day, the Senate resumed the debate on the inquiry of the Honourable Senator Welch calling the attention of the Senate to certain shortcomings in the agricultural policy of the Federal Government.

Debated.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell it was—

Resolved in the affirmative. 3.40 p.m.

The sitting of the Senate was resumed. 6.40 p.m.

A Message was brought from the House of Commons by their Clerk with a Bill C-275, intituled: "An Act to amend the statute law relating to income tax", to which they desire the concurrence of the Senate.

The Bill was read the first time.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C., that the Bill be read the second time now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative, on division.

The Bill was then read the second time.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C., that the Bill be read the third time now.

The question being put on the motion, it was—
Resolved in the affirmative, on division.

The Bill was then read the third time and passed, on division.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill, without amendment.

The Honourable the Speaker informed the Senate that a communication had been received from the Assistant Secretary to the Governor General.

The communication was then read by the Honourable the Speaker as follows:—

GOVERNMENT HOUSE
OTTAWA

23 December 1971

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 today, the 23rd December, 1971, at 7.30 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,

LOUIS-FRÉMONT TRUDEAU,
Brigadier General,
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

Ordered, That the communication do lie on the Table.

With leave,
The Senate reverted to Notices of Motions.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until Wednesday, 16th February, 1972, at eight o'clock in the evening.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General, it was—

Resolved in the affirmative.

After awhile, the Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

The Honourable the Speaker 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 Deputy of His Excellency the Governor General that they attend him immediately in the Senate Chamber."

The House of Commons being come,

The Clerk Assistant read the titles of the Bills to be assented to, as follows:—

An Act to amend the Copyright Act

An Act to amend the Customs Tariff

An Act to amend the Excise Tax Act and the Old Age Security Act

An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act

An Act to amend the statute law relating to income tax.

To these Bills the Royal Assent was pronounced by the Clerk of the Senate in the following words:—

"In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General doth assent to these Bills."

The Commons withdrew.

After which the Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Lapointe,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 16th February, 1972

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

Orders of the Day

Wednesday, 16th February, 1972

No. 1.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour

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Minutes of the Proceedings of the Senate

No. 135

Friday, 31st December, 1971

11.00 o'clock a.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Bélisle,
Benidickson,
Bourget,
Bourque,
Connolly (*Ottawa West*),
Davey,
Deschatelets,
Duggan,
Eudes,
Fergusson,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Restigouche-Gloucester*),
Goldenberg,
Grosart,
Hastings,
Hays,
Lafond,
Langlois,
Lapointe,
Lefrançois,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
Paterson,
Petten,
Phillips,
Sparrow,
Stanbury.

PRAYERS.

A Message was brought from the House of Commons by their Clerk with a Bill C-176, intituled: "An Act to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products", to which they desire the concurrence of the Senate.

The Bill was read the first time.

The Honourable Senator Hays, P.C., moved, seconded by the Honourable Senator Fournier (*de Lanaudière*) that the Bill be read the second time now.

After debate,

The Honourable Senator Sparrow moved, seconded by the Honourable Senator Molgat, that further debate on the motion be adjourned until Tuesday, 11th January, 1972.

The question being put on the motion,

The Senate divided and the names being called they were taken down as follows:—

YEAS

The Honourable Senators

Argue,	Benidickson,	Forsey,	McGrand,	Phillips,
Bélisle,	Fergusson,	Grosart,	Molgat,	Sparrow—10.

NAYS

The Honourable Senators

Aird,	Connolly	Fournier	Lafond,	McElman,
Basha,	(*Ottawa West*),	(*de Lanaudière*),	Langlois,	McNamara,
Bourget,	Davey,	Goldenberg,	Lapointe,	Michaud,
Bourque,	Duggan,	Hastings,	Lefrançois,	Petten,
		Hays,	Martin,	Stanbury—21.

So it was resolved in the negative.

Debate was resumed on the motion of the Honourable Senator Hays, P.C., seconded by the Honourable Senator Fournier (de Lanaudière), for the second reading of the Bill C-176, intituled: "An Act to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products".

The debate was interrupted, and—

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately two o'clock p.m., it was—

Resolved in the affirmative. 1.15 p.m.

The sitting of the Senate was resumed. 2.05 p.m.

After further debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Hays, P.C., moved, seconded by the Honourable Senator Fournier (*de Lanaudière*), that the Bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

The question being put on the motion, it was—
Resolved in the affirmative.

With leave,
The Senate proceeded to Notices of Motions.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C.:

That the names of the Honourable Senators Argue, Hastings and Molgat be substituted for those of the Honourable Senators Burchill, Gélinas and Giguère on the list of Senators on the Standing Senate Committee on Banking, Trade and Commerce.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately eight o'clock p.m., it was—

Resolved in the affirmative. 4.40 p.m.

The sitting of the Senate was resumed. 6.40 p.m.

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until Wednesday, 16th February, 1972, at eight o'clock in the evening.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Bourget, P.C.,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 16th February, 1972

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

No. 1

By the Honourable Senator Hastings:

31st December—That he will inquire of the Government:—

As at November 30, 1971 what was the number of inmates authorized to be temporarily absent on a regular basis from each Federal institution by authority of the *Penitentiaries Act* for the purpose of:

(a) pre-release employment

(b) regular employment

(c) educational purposes, or

(d) other

No. 2.

By the Honourable Senator Hastings:

31st December—That he will inquire of the Government:—

For the three year period ending December 31, 1971, in respect to each inmate death in Federal institutions under the *Penitentiaries Act*, what was

(a) the name and number of the inmate,

(b) the date of death of the inmate,

(c) the age of the inmate,

(d) the cause of death of the inmate,

(e) the sentence being served by the inmate, and

(f) the institution where the death occurred.

Orders of the Day

Wednesday, 16th February, 1972

No. 1.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	THURSDAY, JANUARY 6, 1972	
356–S	Banking, Trade and Commerce (*Bill C–176, Farm Products Marketing Agencies Act*).....	11.00 a.m.

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Minutes of the Proceedings of the Senate

No. 136

Tuesday, 11th January, 1972

8.00 o'clock p.m.

The Honourable MAURICE BOURGET, P.C., Speaker *pro tem.*

The Members convened were:

The Honourable Senators

Bélisle,
Benidickson,
Blois,
Bourget,
Bourque,
Burchill,
Cameron,
Connolly
(*Ottawa West*),
Cook,
Croll,
Eudes,
Forsey,
Fournier
(*de Lanaudière*),
Fournier
(*Restigouche-Gloucester*),
Gélinas,
Goldenberg,
Gouin,
Haig,
Kickham,
Lafond,
Laird,
Lamontagne,
Langlois,
Lapointe,
Lawson,
Lefrançois,
Macdonald,
Macnaughton,
Martin,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
Molson,
Paterson,
Petten,
Phillips,
Quart,
Stanbury,
Williams,
Yuzyk.

The Clerk at the Table informed the Senate that the Honourable the Speaker was unavoidably absent.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Haig:—

That, during the absence of the Honourable the Speaker, the Honourable Senator Bourget, P.C., do preside as Speaker.

The question of concurrence being put thereon, the Clerk declared the motion carried in the affirmative.

Whereupon the Honourable Senator Bourget, P.C., took the Chair.

PRAYERS.

The Honourable Senator Martin, P.C., laid on the Table the following:—

Report of the Department of Agriculture for the fiscal year ended March 31, 1971, pursuant to section 6 of the *Department of Agriculture Act,* Chapter A-10, R.S.C., 1970.

Report of the Unemployment Insurance Commission for the fiscal year ended March 31, 1971, pursuant to section 95(2) of the *Unemployment Insurance Act,* Chapter U-2, R.S.C., 1970.

Copies of a document entitled "Bilingualism and the National Capital".

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, December 22, 1971, pursuant to section 7 of the *Regulations Act,* Chapter R-5, R.S.C., 1970.

Report by the Textile and Clothing Board, dated November 18, 1971, relative to an inquiry respecting sweaters, cardigans and pullovers requested by the Minister of Industry, Trade and Commerce, pursuant to section 9 of the *Textile and Clothing Board Act,* Chapter 39, Statutes of Canada, 1970-71.

The Honourable Senator Connolly, P.C., Acting Chairman, from the Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill C-176, intituled: "An Act to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products", reported that it had examined the said Bill and had directed him to report the same to the Senate, without amendment.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Connolly, P.C., that the Bill be read the third time now.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative, on division.

The Bill was then read the third time and passed, on division.

Ordered, That a Message be sent to the House of Commons to acquaint that House that the Senate have passed this Bill, without amendment.

The Honourable the Speaker *pro tem,* informed the Senate that a communication had been received from the Assistant Secretary to the Governor General.

The communication was then read by the Honourable the Speaker *pro tem,* as follows:—

GOVERNMENT HOUSE
OTTAWA

11 January 1972

Sir,

I have the honour to inform you that the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber tomorrow, the 12th day of January at 11:00 a.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Sir,
Your obedient servant,

LOUIS-FRÉMONT TRUDEAU,
Brigadier General,
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

Ordered, That the communication do lie on the Table.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, 12th January, 1972, at ten fifty o'clock in the forenoon.

The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Martin, P.C., moved, seconded by the Honourable Senator Langlois,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 12th January, 1972

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

No. 1

By the Honourable Senator Hastings:

31st December—That he will inquire of the Government:—

As at November 30, 1971 what was the number of inmates authorized to be temporarily absent on a regular basis from each Federal institution by authority of the *Penitentiaries Act* for the purpose of:

(a) pre-release employment

(b) regular employment

(c) educational purposes, or

(d) other

No. 2.

By the Honourable Senator Hastings:

31st December—That he will inquire of the Government:—

For the three year period ending December 31, 1971, in respect to each inmate death in Federal institutions under the *Penitentiaries Act,* what was

(a) the name and number of the inmate,

(b) the date of death of the inmate,

(c) the age of the inmate,

(d) the cause of death of the inmate,

(e) the sentence being served by the inmate, and

(f) the institution where the death occurred.

Orders of the Day

Wednesday, 12th January, 1972

No. 1.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, 26TH JANUARY, 1972	
356–S	Constitution of Canada (*Consideration of Report*)—*In Camera*	9.00 a.m. 2.00 p.m. 8.00 p.m.

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Minutes of the Proceedings of the Senate

No. 137

Wednesday, 12th January, 1972

10.50 o'clock a.m.

The Honourable MAURICE BOURGET, P.C., Speaker *pro tem.*

The Members convened were:

The Honourable Senators

Benidickson,
Blois,
Bourget,
Bourque,
Burchill,
Cameron,
Connolly
(*Ottawa West*),
Cook,
Davey,
Eudes,
Forsey,
Fournier
(*de Lanaudière*),
Gélinas,
Goldenberg,
Gouin,
Haig,
Kickham,
Lafond,
Laird,
Lamontagne,
Langlois,
Lapointe,
Lefrançois,
Macdonald,
Macnaughton,
Martin,
McElman,
McGrand,
Michaud,
Molgat,
Molson,
Paterson,
Petten,
Quart,
Stanbury,
Williams,
Yuzyk.

PRAYERS.

The Honourable the Speaker *pro tem* having put the question whether the Senate do now adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General, it was—

Resolved in the affirmative.

After awhile the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

The Honourable the Speaker *pro tem* 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 House of Commons being come,

The Clerk Assistant read the title of the Bill to be assented to, as follows:—

An Act to establish the National Farm Products Marketing Council and to authorize the establishment of national marketing agencies for farm products.

To this Bill the Royal Assent was pronounced by the Clerk of the Senate in the following words:—

"In Her Majesty's name, the Honourable the Deputy of His Excellency the Governor General doth assent to this Bill."

The Commons withdrew.

After which the Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

With leave of the Senate,
The Honourable Senator Langlois moved, seconded by the Honourable Senator Benidickson, P.C.:

That when the Senate adjourns today, it do stand adjourned until Wednesday, 23rd February, 1972, at two o'clock in the afternoon.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

The Order of the Day being called to resume the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act",

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada, entitled: "Poverty in Canada", tabled in the Senate on Wednesday, 10th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Order of the Day being called to resume the debate on the consideration of the Report of the Standing Senate Committee on National Finance which was authorized to examine and report upon the question of methods by which fiscal and monetary policy in Canada may be exercised to achieve full potential growth and employment without inflation entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971,

It was—
Ordered, That it be postponed until the next sitting of the Senate.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Gouin,

That the Senate do now adjourn.

The question being put on the motion, it was—
Resolved in the affirmative.

Routine Proceedings

Wednesday, 23rd February, 1972

1. Presentation of Petitions.
2. Reading of Petitions.
3. Reports of Committees.
4. Notices of Inquiries.
5. Notices of Motions.
6. Inquiries.
7. Motions.
8. Question Period.

INQUIRIES

No. 1

By the Honourable Senator Hastings:

31st December—That he will inquire of the Government:—

As at November 30, 1971 what was the number of inmates authorized to be temporarily absent on a regular basis from each Federal institution by authority of the *Penitentiaries Act* for the purpose of:

(a) pre-release employment

(b) regular employment

(c) educational purposes, or

(d) other

No. 2.

By the Honourable Senator Hastings:

31st December—That he will inquire of the Government:—

For the three year period ending December 31, 1971, in respect to each inmate death in Federal institutions under the *Penitentiaries Act*, what was

(a) the name and number of the inmate,

(b) the date of death of the inmate,

(c) the age of the inmate,

(d) the cause of death of the inmate,

(e) the sentence being served by the inmate, and

(f) the institution where the death occurred.

Orders of the Day

Wednesday, 23rd February, 1972

No. 1.

5th May—Resuming the debate on the motion of the Honourable Senator Benidickson, P.C., seconded by the Honourable Senator Cameron, for the second reading of the Bill S-17, intituled: "An Act to amend the Combines Investigation Act".—(*Honourable Senator Benidickson, P.C.*).

No. 2.

16th November—Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Poverty in Canada, tabled in the Senate on Wednesday, 10th November, 1971.—(*Honourable Senator Langlois*).

No. 3.

22nd April—Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the recent activities of the Standing Senate Committee on Foreign Affairs with regard to the Pacific area.—(*Honourable Senator McDonald*).

No. 4.

24th November—Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance entitled: "Growth, Employment and Price Stability", tabled in the Senate on Thursday, 18th November, 1971.—(*Honourable Senator Langlois*).

MEETINGS OF SENATE COMMITTEES

Room	Committee	Hour
	WEDNESDAY, 26TH JANUARY, 1972	
356–S	Constitution of Canada (*Consideration of Report*)—*In Camera*.....	9.00 a.m. 2.00 p.m. 8.00 p.m.

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Minutes of the Proceedings of the Senate

No. 138

Wednesday, 16th February, 1972

2.00 o'clock p.m.

The Honourable JEAN-PAUL DESCHATELETS, P.C., Speaker.

The Members convened were:

The Honourable Senators

Aird,
Argue,
Basha,
Belisle,
Blois,
Bonnell,
Boucher,
Bourget,
Bourque,
Buckwold,
Burchill,
Cameron,
Carter,
Connolly (*Ottawa West*),
Cook,
Croll,
Deschatelets,
Eudes,
Everett,
Fergusson,
Flynn,
Forsey,
Fournier (*de Lanaudière*),
Fournier (*Restigouche-Gloucester*),
Gélinas,
Giguère,
Goldenberg,
Gouin,
Grosart,
Haig,
Hastings,
Hayden,
Heath,
Inman,
Isnor,
Kinnear,
Lafond,
Lapointe,
Lawson,
Lefrançois,
Macdonald,
Macnaughton,
Manning,
Martin,
McDonald,
McElman,
McGrand,
McNamara,
Michaud,
Molgat,
Nichol,
O'Leary,
Paterson,
Petten,
Phillips,
Rowe,
Smith,
Sparrow,
van Roggen,
Williams,
Willis,
Yuzyk.

PRAYERS.

The Honourable the Speaker informed the Senate that a communication had been received from the Secretary to the Governor General.

The communication was then read by the Honourable the Speaker, as follows:—

GOVERNMENT HOUSE
OTTAWA

14th February 1972

Sir,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber at 2 p.m. on Wednesday, February 16th, for the purpose of proroguing the Third Session of the Twenty-eighth 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.

Ordered, That the communication do lie on the Table.

The Honourable the Speaker having put the question whether the Senate do now adjourn during pleasure to await the arrival of the Right Honourable the Deputy of His Excellency the Governor General, it was—

Resolved in the affirmative.

After awhile, the Right Honourable Joseph Honoré Gérald Fauteux, P.C., Chief Justice of the Supreme Court of Canada, in his capacity as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

The Honourable the Speaker 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 Right Honourable the Deputy of His Excellency the Governor General, that they attend him immediately in the Senate Chamber."

The House of Commons being come,

The Right Honourable the Deputy of His Excellency the Governor General was pleased to close the Third Session of the Twenty-eighth Parliament of Canada, with the following Speech:—

Honourable Members of the Senate:

Members of the House of Commons:

The third session of the twenty-eighth Parliament was opened on October 8, 1970. The 496 days that have elapsed since that time represents the longest period in history to pass between the opening and the prorogation of a session of the Parliament of Canada. During this period, the Senate has held 138 sittings, more than in any other session, and the House of Commons has held 244. You have enacted much important legislation and approved many government actions of great significance for Canadians.

During this session, Canada was honoured by the visit of Her Majesty the Queen, the Duke of Edinburgh and Princess Anne, all of whom participated in the celebrations of the Centenary of the Province of British Columbia.

The session began at a time when the peace and order of the nation was threatened. You approved actions to deal with these dangers and as a result the use of violence to attain unlawful objectives was discouraged and the rule of law maintained.

In the sphere of external relations, the Government has continued its policy of seeking new friends while strengthening relations with old ones. Canada exchanged ambassadors with the People's Republic of China and voted at the United Nations to install the Peking Government in the China seat. The Prime Minister visited the Soviet Union and in return the Soviet Premier visited Canada. The Prime Minister and his colleagues received the Presidents of Yugoslavia, Nauru and Niger; the Prime Ministers of the United Kingdom, Ceylon, Ghana, Malaysia, Fiji, Senegal, and Israel; the Foreign Ministers of France, Ireland, Roumania, Trinidad and Tobago, and Poland; and the Secretary General of the North Atlantic Treaty Organization. The Prime Minister visited the United States and the President of the United States has indicated that he will visit Ottawa this year.

Consistent with Canada's desire for closer relations with the countries of Latin America and with its determination to assume a more positive role in the Western Hemisphere, the Government applied for, and was accorded Permanent Observer status within the Organization of American States.

Aware of the significance for the world as a whole and for Canada in particular of the enlargement of the European Economic Community, Ministers have had frequent consultations with the European Economic Commission, the Government of the United Kingdom and the governments of member countries. The Prime Minister and his colleagues also received the President of the European Economic Commission.

The Government signed a Protocol on Consultations with the Soviet Union and entered into agreements for scientific and technological exchanges with Belgium, the Federal German Republic and the Soviet Union.

In furtherance of the priority Canadians have accorded to disarmament and arms control in the maintenance of world security, the Government has continued to take a leading part in the work of the Committee of the Conference on Disarmament, particularly in the efforts to reach a comprehensive Test Ban that would prohibit the testing of nuclear devices in the atmosphere, the oceans and underground.

To assist the developing nations of the world you have increased the total aid budget. In the recent tragic events in India and Pakistan, the Govefrnment moved quickly and effectively to bring humanitarian relief to the refugees in India and to assist in the rehabilitation of the war torn area.

Conscious of the need to explain to Canadians the changes taking place in defence policy and in defence planning for the future, the Government tabled in the House of Commons a White Paper on Defence.

In the past year, the growth rate of Canada's real Gross National Product has exceeded that of any industrialized country in the world. The rate, too, at which Canadians entered the work force surpassed that of all industrial nations. It is a matter of continuing concern to the Government that the rapid increase in the labour force has left many Canadians without work notwithstanding the impressive increase in the number of jobs created. The rise in output and in employment has been attained, however, without jeopardizing Canada's unmatched achievements in the area of price stability.

You have had to deal with some unusually difficult economic problems including a major crisis of the international monetary system. You passed the Employment Support Act to assist companies adversely affected by the temporary import surtax of the United States. In order to ensure continuing expansion of the economy, increasing employment and decreasing unemployment, the Government invoked a series of measures including a reduction of individual and corporate income taxes. To meet the special requirements of certain segments of our population, stimulate employment and encourage initiatives at the local level, Opportunities for Youth and Local Initiatives Programs were implemented.

To assist further the development of Canadian industry, you have approved the Textile and Clothing Board Act, and you have amended the Export Development Act, the Anti-Dumping Act and the Canadian New Zealand Trade Agreement Act.

You approved amendments to the Farm Improvement Loans Act, the Fisheries Improvement Loans Act and the Small Business Loans Act to facilitate, by means of a government guarantee, the provision of term credit by the chartered banks and other designated lenders to farmers, small businessmen and fishermen.

To assist the orderly conduct of business you have passed the Investment Companies Act and the Co-operative Associations Act.

Consistent with the Government's policy of encouraging the economic development of the less prosperous parts of Canada, you have amended the Regional Development Incentives Act.

To help develop and maintain strong Canadian-controlled and Canadian-managed corporations in the private sector and to provide Canadians with greater opportunities to participate and to invest in the economic development of Canada, you have approved the creation of a Canada Development Corporation.

Much of the time of this session has been occupied by the question of taxes. You have approved eight Acts affecting all manner of taxation in Canada and affecting some international tax agreements. The approval of one of these Acts resulted in the complete revision of the Canadian system of taxation and in a more equitable distribution of the tax burden amongst all Canadians.

You have also responded to the needs of Canadians for improved social services. You have provided more adequate income support for older citizens of modest means by amending the Old Age Security Act. You have made better provision for those who served their nation in time of war by amending the Veterans Pensions and Allowances Act, the Civilian War Pensions Act, the War Veterans Allowance Act and the Pension Act. You have provided workers with better employment conditions by approving amendments to the Labour (Standards) Code and you have given working Canadians improved income protection by amending the Unemployment Insurance Act and the Merchant Seamen Compensation Act.

Aware of the increased protection required by the Canadian consumer, you enacted the Packaging and Labelling Act and amendments to the Weights and Measures Act.

Your respect for the principle of equality before the law and your desire to protect Canadians in their dealings with the law caused you to enact the Bail Reform Act.

To protect the cultural diversity of Canada and to encourage Canadians of all cultural inheritances to contribute of their values and traditions to our society, the Government established a policy of multiculturalism.

During this session you have addressed yourselves to the concerns of the agricultural community. You have considered the problems of the marketing of agricultural products and you have passed the Farm Products Marketing Council Act. Appreciative of the particular problems of prairie farmers, you have revised the Grain Act and you have amended the Prairie Grain Advance Payments Act. You have passed the Crop Insurance Act. Farmers have also benefitted from the introduction of a two price system for wheat.

Your deep concern for the preservation of the environment for present and future generations of Canadians has led you to establish a Department of the Environment. To combat pollution you have amended the Canada Shipping Act. You have also passed the Clean Air Act and the Weather Modification Information Act. Recognizing that all nations must act in concert if the earth's vital resources and environment are to be preserved, Canada has

continued its efforts to gain international agreement that will result in better protection of the interests of coastal states and in measures that will safeguard the quality of the environment.

In order that government respond more quickly and more sensitively to the needs and aspirations of Canadians in the seventies, you approved a measure establishing the Ministries of State. To enhance the quality of our urban life and to meet the new and immense challenges of technology, you have enacted measures which have resulted in the creation of Ministries of State for Urban Affairs and for Science and Technology.

As further evidence of your desire to adapt our legal and governmental institutions to the contemporary needs of our society, you have amended the Judges Act and the Senate and House of Commons Act and you have passed the Federal Court Act. You have approved the Statutory Instruments Act and to supervise its implementation you have established a Joint Committee on Statutory Instruments.

During this session, both Houses of Parliament have permitted their Committees to continue the important task of reviewing Government policy and administration.

A number of other significant initiatives and items of legislation were approved in this third session of the twenty-eighth Parliament. The laws which you have enacted and the policies which you have undertaken are amongst the most important in our history. Though we have accomplished much, we have yet much to do. The pace of legislative reform and innovation must continue rapidly if we are to meet the challenges of the future. By applying ourselves to this task with energy and imagination, together we will make a lasting contribution to the strength, justness and prosperity of Canadian society.

Members of the House of Commons

I thank you for the provision you have made for the public services in the previous and in the current fiscal year.

Honourable Members of the Senate,

Members of the House of Commons,

May Divine Providence continue to bless our country.

The Honourable the Speaker of the Senate then said:

"*Honourable Members of the Senate:*

Members of the House of Commons:

It is the will and pleasure of the Right Honourable the Deputy of His Excellency the Governor General that this Parliament be prorogued until ten thirty o'clock in the forenoon tomorrow, Thursday, the 17th day of February, 1972, to be here holden; and this Parliament is accordingly prorogued until ten thirty o'clock in the forenoon tomorrow, Thursday, the 17th day of February, 1972."

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